Austria	Sch 20	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din 0.650	Italy	L 1500	S. Arabia	Rls 6.00
Belgium	BFr.45	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 125
Cyprus	C£0.70	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 8.00	Lebanon	£L 8.00	Sweden	Skr 7.00
Egypt	E£1.00	Luxembourg	LFr.45	Switzerland	SFr 2.20
Finland	Fmk 6.50	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr 6.00	Mexico	Pes. 300	Tunisia	Din 0.560
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 250
Greece	Dr 00	Netherlands	Fl 2.75	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 7.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,865 — Wednesday February 26 1986 — D 8523 B

Why Airbus models need £500m cash injection, Page 3

World news

S.A. mine faces strike shutdown

Anglo American Corporation's huge VaalReef's gold mine complex faced a possible total shutdown after 12,000 black miners went on strike in protest at the detention by police of nine miners in connection with the killing last week of four black team leaders.

The four men were hacked to death in a mystery attack last week which also left four other team leaders badly beaten.

The strikers at the complex, which is the country's second largest mining area and emloys 40,000 workers, are demanding the release of the detainees, who have not yet been charged. Page 14

Mideast peace bid

Mr Hans Van den Broek, the Dutch Foreign Minister, may visit the Middle East as president of the European Community Council of Ministers in a bid to restart stalled Arab-Israeli peace talks.

Danish vote

Danes are expecteds to vote in favour of the EEC reforms by a handsome majority in Thursday's consultative referendum, if the vote follows a Gallup opinion poll published in Copenhagen yesterday.

Kohl denies charges

West German Chancellor Helmut Kohl dismissed allegations of false testimony that led to an official investigation against him as an "evil" ploy to discredit him ahead of the 1987 general election. Page 2

French elections

The 577 seats in the French National Assembly will be contested by 7,059 candidates on March 16. The election campaign began officially yesterday.

Emergency ended

Surinam's military leader Desi Bouterse announced the lifting of a state of emergency in force since 1980.

Ethiopians flee

About 27,000 Ethiopians fleeing a cootroversial government resettlement scheme have crossed into north-western Somalia in the past 10 weeks.

Iraqi villages 'held'

Iran said its forces captured 25 Kurdish villages in northern Iraq in an attack Prime Minister Mir-Hossein Mousavi said was part of Iran's fight to lower Gulf Arab states' oil production and raise world prices. Page 6

Ugandans protest

Demonstrations in front of Uganda's Parliament House over the murder of a campus official by a band of unidentified gunmen involved some 1,000 students and lecturers at Kampala's Makarere *University*.

Nigeria sentences 13

A Nigerian military tribunal sentenced 13 officers to death by firing squad for their part in a coup plot uncovered last December.

Spain's jobless rise

Spain's unemployment rate, the highest in Western Europe, is still rising as the socialist Government prepares to seek re-election later this year. Page 2

Golden Bear award

A controversial film about the trial of the Baader-Meinhof guerrillas – Stammheim, directed by Reinhard Hauff – won the Golden Bear award at the West Berlin film festival.

Eggscursions

A West German holiday club is offering farmers a weekend away from the farm – for 300 eggs or 60 kg of apples per person.

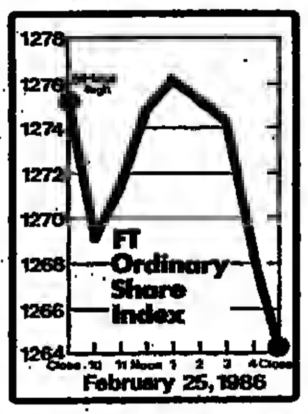
Business summary

$500m offer for Pulitzer empire

ALFRED TAUBMAN, US property developer and owner of Sotheby's auction house, offered $500m for Pulitzer Publishing Company, the family-controlled publishing empire founded by one of America's legendary newspaper tycoons. Page 14

DOLLAR continued to lose ground. It fell in London to DM 2.244 (DM 2.282), SFr 1.885 (SFr 1.901), FFr 6.9075 (FFr 7.0225) and Y180.85 (Y182.85). Its index calculated by the Bank of England fell from 118.7 to 117.7, its lowest level since January 1983. Page 29

STERLING finished in London at $1.4925 ($1.4635), its best closing level for two years. It also firmed to DM 3.35 (DM 3.34), Y269.75 (Y266.75), FFr 10.31 (FFr 10.2775) and SFr 2.8125 (SFr 2.7825). Its exchange rate index rose from 74.9 to 75.7. Page 29



LONDON: Gilts stole the show as equities fell back from record levels after a bout of profit-taking. The FT-SE 100 share index closed 5.3 lower at 1,527.7 while the FT Ordinary index ended 11 off at 1,264.2. Page 36

TOKYO: Prices surged to another record, supported by investor hopes of further rises. The Nikkei average gained 72.72 to close at 13,576.21. Page 36

WALL STREET: by 3pm the Dow Jones industrial average was down 5.39 at 1,692.89. Page 36

UK ECONOMIC growth has slackened and output is likely to grow by less than 2 per cent this year and next, the National Institute of Economic and Social Research says. Page 8

CHINA will increase the squeeze on domestic credit this year, according to recent statements by Chinese financial officials. Page 6

INDONESIA plans to make up for falling oil revenue by selling as much oil as it can at market prices, says a senior minister. Page 2

BRITAIN'S Independent Broadcasting Authority (IBA) has effectively blocked any takeover by the Rank Organisation of Granada Group, which holds the commercial television franchise in north-west England. The IBA said that the £753m ($1.12bn) bid was "unacceptable."

AMERICAN Express, New York-based financial services conglomerate, plans to reduce further its stake in Fireman's Fund, Californian-based property and casualty insurer spun off from American Express last year. Page 15

BANK OF MONTREAL, Canada's largest bank, lifted net earnings to C$98.3m ($71m) in the three months to January 31 from C$79m a year earlier.

PHILIPS, Dutch electronics group, and Sony of Japan plan to establish a common standard for the compact disc to help exploit fresh markets for this type of equipment. Page 3

SAPPORO Breweries and Asahi Breweries of Japan both reported higher profits for 1985, largely aided by increased beer consumption during an unexpectedly hot summer and waning popularity of cheap Sochu spirits. Page 17

RUPERT MURDOCH, Australian-born media magnate, has made his first public stock offering in the US to help finance the acquisition of six US TV stations. Page 15

Jubilation in Manila as 20 years of autocratic rule come to an end

Marcos gives up power

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA

TENS of thousands of jobilant people occupied the vast presidential palace in Manila last night, celebrating the dramatic departure from office of Mr Ferdinand Marcos which confirmed Mrs Corazon Aquino as the new President of the Philippines.

The final transfer of power without massive bloodshed was greeted with widespread relief, particularly in Washington, where the US Government quickly recognised the "new Government headed by President Aquino."

The dramatic end to 20 years of autocratic rule came at about 9pm in the warm Manila evening, when US embassy helicopters swooped on to the palace grounds and plucked the besieged Mr Marcos and his family to safety at the Americans' Clark air base, to the north of the capital. His ultimate destination was unknown, but according to one report he planned to travel today to Ilocos Norte, his home province on Luzon.

Mrs Aquino's supporters had sworn her in as President of a provisional government earlier in the day.

At her inauguration she named Mr Salvador Laurel, her vice president, as Prime Minister-designate. Mr Juan Ponce Enrile was made Minister of National Defence, while Lt Gen Fidel Ramos became a full general and chief of the armed forces. Both men, in a crucial move during the crisis, broke away from the Marcos Government and precipitated his downfall.

Mrs Aquino also set up a number of task forces to deal with civic problems. She intends to encourage political reconciliatioo and to initiate constitutional reforms. She also wishes to tackle the country's deep-rooted economic problems and a Communist-inspired guerrilla insurgency.

The broadly peaceful transitioo in the Philippines will be welcomed abroad and is likely to reflect well on US policy, but the real triumph lies with the Filipino people, who responded to Mrs Aquino's call for help after she was cheated of victory in the disputed presidential election on February 7.

"The long agony is over," Mrs Aquino said last night. "We are finally free and we can be truly proud of the unprecedented way we achieved our freedom – with courage and with determination and, most important, in peace."

She appealed for calm and sobriety from those occupying Malacanang, the presidential palace. The crowds swarmed in and stayed for hours after large tank forces and marines withdrew in the wake of Mr Marcos's departure. Reports of looting were rife.

An estimated 5,000 people swept through the ornate wrought iron gates of the presidential palace, pushed aside 20 guards and forced their way into an administrative block.

An emotional moment for Mrs Aquino shortly before she was sworn in as president

The guards, marines who identified themselves as members of a reform movement within the armed forces, offered no resistance and made no attempt to stop the crowd.

The whereabouts of Mr Marcos's senior aides and business associates was unknown. Gen Ramos ordered law enforcement agencies to prevent lynching, public humiliation, looting, vandalism and traffic disturbances.

Elected officials were asked to keep running the affairs of local government. An official statement said Mrs Aquino had not authorised any group to replace city or municipal governments with "people's committees".

Banks are expected to open today after a four-day closure. International flights resumed yesterday, while domestic services, halted for security reasons, will restart on a selective basis. Appeals were made to government workers and others to return to their jobs.

Cardinal Sin, Archbishop of Manila, urged people to be humble in victory and to work hard to reconstruct the nation.

The departure of Mr Marcos was the climax to a day which saw at least 10 people die in exchanges of fire in the capital. An hour after Mrs Aquino was sworn in, Mr Marcos held his own ceremony installing him as President, but television coverage was suddenly cut after gunfire broke out at a transmission tower.

Throughout the afternoon crowds grew outside the presidential palace, adding to the sense of threat the Marcos family must have been feeling. In the past few days the strength of "people power" had clearly been demonstrated in the protection it afforded to Mr Enrile and Gen Ramos when they appeared threatened by Mr Marcos's tanks.

Political and military defections from Mr Marcos's camp were reported throughout the day following Gen Ramos's claim early yesterday that 85 per cent of the armed forces were backing Mrs Aquino.

Late last night Mr Enrile issued a statement thanking Mr Marcos for his kindness in oot ordering an assault on his opponents' forces despite the President's greater firepower.

Philippines in crisis, Page 6;
Editorial comment, Page 12

Reagan pledges full backing for Aquino

BY STEWART FLEMING IN WASHINGTON

THE US yesterday welcomed the peaceful change of power in the Philippines. President Ronald Reagan gave full backing and recognition to the Government of the new President, Mrs Corazon Aquino.

At the same time, Mr Reagan provided sanctuary at a US air base for the man she toppled, Mr Ferdinand Marcos, who had enjoyed unbroken American support for 20 years.

"The President is pleased with the peaceful transition to a new Government of the Philippines, Mr George Shultz US Secretary of State, said as be rang the curtain down on the controversial relationship with an historic Asian ally.

"The United States extends recognition to this new Government headed by President Aquino. We pay special tribute to her for her commitment to non-violence which has earned her the respect of all Americans," Mr Shultz said.

The announcement was made once the White House was assured that Mr Marcos had been safely spirited away from his Manila palace. It signalled the conclusion of a foreign policy crisis which, had it ended in a bloody civil war, could have done untold damage not only to President Reagan's prestige at home, but also to vital US strategic interests in Asia.

Although there are still deep anxieties in Washington about how events will unfold in the coming days and months, the announcement appears to have concluded a crisis which had evoked for many Americans disturbing memories of Vietnam and Iran when the fall of a dictator and ally was merely the prologue to an emerging tragedy.

But with praise for the White House's professional handling of the crisis over the past few days raining down on the president, Mr Shultz shrewdly sought to dampen the atmosphere of self-congratulation. Citing with admiration the "peculiar" role which the electoral process had played in the Philippines, Mr Shultz added: "This has not been something the United States has done: this is something the Philippine people have done."

He left no doubt, however, that the White House was optimistic that critics who maintained that the Administration delayed too long before finally switching its support to Mrs Aquino would be proved wrong when they argued that this had fundamentally weakened America's influence with the new Government.

Questioned about Mrs Aquino's attitude towards the Communist rebels and the US bases in the Philippines – attitudes which are seen by some in Washington to be characterised by a worrying ambivalence – Mr Shultz said: "She has said to us she is firmly opposed to the Marxist insurgency… (and) she has supported the bases." He added: "On the basis of things she has said directly to us she has no question in her mind about the fact that we are there properly."

He also hinted that the White House was hopeful that the new Government would be stable enough to pull together the warring factions Mr Marcos had left behind. On this score, Mr Shultz stressed not only the broad popular support for Mrs Aquino and her own "compassion" but also her decision to bring into her Government "people who have long beeo in the Marcos regime."

He left no doubt, however, that the US was keen to avoid divisive recriminations. President Marcos, his family and associates such as General Fabian Ver, would be welcome if they sought political asylum in the US. Mr Shultz said he hoped

Continued on Page 14

Gorbachev rejects N-proposal and warns on summit

By Patrick Cockburn in Moscow

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday rejected President Ronald Reagan's latest arms control proposals as inadequate and warned that be might not agree to another summit without an "understanding" on banning ouclear tests or eliminating ouclear missiles in Europe.

During a marathon five-hour speech at the opening of the 27th Soviet party congress in Moscow, Mr Gorbachev dismissed Mr Reagan's proposals – themselves a response to a Soviet plan submitted in January – as too hedged about with conditions. He affirmed that real progress was possible this year on reducing intermediate nuclear weapons or a nuclear test ban. If neither of these was achieved, he saw oo point in another summit meeting with President Reagan.

Mr Gorbachev also said a timetable *had been drawn up for phased* withdrawal of Soviet troops from Afghanistan as soon as Moscow received guarantees that outside interference would cease there. Soviet involvement there has been a bone of contention with the US and many other countries, including China, the only major communist country to send no delegation to the Soviet party congress.

The Soviet leader said yesterday that there was enormous potential" for co-operatioo between the Soviet Unioo and China. He went on to warn that "Washington should not assume unquestioning obedience to its dictation on the part of its allies" in Europe and Japan. Leaders from many non-communist, left-wing Western political parties were invited for the first time to attend the Soviet party congress.

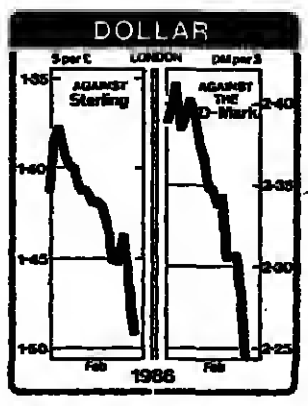
Most of Mr Gorbachev's speech was devoted to Soviet political and economic developments. Sharply criticising the way in which the Soviet Union was run during the 1970s, he said that greater democracy and less secrecy was central to more efficient economic management.

"There is excessive centralisation," and too little popular control of government and Communist party organs, Mr Gorbachev said. Singling out for criticism the city of Moscow and two republics in Soviet central Asia, the Soviet leader said that, despite the incompetence with which these places had been managed in their past, "they were placed out of bounds to criticism."

Continued on Page 14

$ falls to four year low against D-Mark

BY GEORGE GRAHAM IN LONDON



THE DOLLAR fell yesterday to its lowest level against the D-Mark for four years. *After dropping* sharply against the Japanese yen in recent months, the dollar has now begun to depreciate faster against European *currencies, giving rise* to growing unease in Europe about the speed of the decline.

Some European central bankers are angry with Mr Preston Martin, vice chairman of the US Federal Reserve Board, who said on Monday that the dollar could fall further. They fear that a continued drop in the dollar's value could refuel inflation in the US and damage the world economy. They are not, however, keen to move independently to lower their interest rates, which might help to slow the dollar's descent.

The weakness of the dollar has caused some tension in the exchange rate mechanism of the European Monetary System, but central bankers said yesterday that there was no pressure for realignment. They say that the outflow of funds from the dollar has not strengthened the D-mark unduly by comparisoo with other EMS currencies.

French officials made clear they wanted the franc to remain at its present value within the EMS, although many dealers have anticipated a realignment after the *forthcoming French election.*

While officials say they have not yet reached a "pain threshold," the lower dollar has also reduced profit *margins for European industrial* companies.

A fall of nearly 4 pfg yesterday brought the dollar to DM 2.244 at the London close. It has lost 5.9 per cent against the D-mark so far this month, and stands 21 per cent lower than it did in September last year when finance ministers of the Group of Five industrial nations agreed to act together to bring the dollar down.

The dollar dropped nearly Y1.5 to end at Y180.85, 25 per cent below its level before September's Group of Five meeting. Sterling also gained almost 3 cents against the dollar yesterday, closing at $1.4925.

The pound's strength encouraged the UK bond market, and the Bank of England took advantage by issuing a new tranche of government stock, the first since 1973 to be issued at a yield below 10 per cent. While the 10 per ceot yield barrier has been broken briefly several times since 1973, it was the first time the Bank has felt confident enough to issue new stock at this level.

Some analysts have speculated that bank base rates could also move lower, although the UK authorities are still unenthusiastic about an immediate cut.

Mr Stephen Lewis, chief economist at London stockbrokers Phillips & Drew, said: "I think the next move in interest rates will be downwards, but it may not be as soon as the market thinks. The Government is unlikely to cut rates sharply before the budget."

German bonds also gained ground as investors anticipated the possibility that the Bundesbank might move to reduce its discount rate. Recent federal government loan stocks added 20 PFG to close around DM 101.30, while public authority bonds closed up to 50 pfennigs higher.

Some brokers, however, remained unconvinced thet the Bundesbank was ready to move to lower interest rates.

Currency markets, Page 29

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EUROPEAN NEWS

Ireland 'set for recovery'

By Hugh Carnegy in Dublin

THE IRISH economy is set to recover over the next five years in terms of economic growth and an improvement in the balance of payments, but unemployment will continue to rise and borrowing requirements will remain unacceptably high, says o report out today

Even the limited improvements forecast depend on strengthening world trade and economic growth in industrial countries, falling interest rates and a continuing decline in the value of the dollar, the Economic and Social Research Institute (ESRI) says. The report does not take into account the possibility that oil prices may remain below $20 a barrel.

Gross national product (GNP) should grow by an average of 2.75 per cent a year from 1985 to 1990 compared with an average of virtually no growth in the first half of the decade, says the report. The balance of payments current account should shift from a deficit of I£498m (£452m) in 1985 to a surplus of I$450m in 1990.

Industrial output is predicted to grow by an annual average of 5.25 per cent, more than twice as fast as in the previous five years. A feature of this scenario is an improvement in the depressed construction industry.

The bad news is that falling employment in agriculture and a growth in the labour force will outstrip growth in industrial jobs to leave average unemployment in the five years at 17.75 per cent of the workforce, or 236,000 – compared with 13.5 per cent in 1980–85.

The public-sector borrowing requirement should decline from I$2.4bn in 1985 to I$2.1bn in 1990, or from 15.7 per cent of GNP to 9 per cent. However, this would still be intolerably high.

The ESRI concludes that there is little scope for a relaxation of the Government's austerity before the end of the decade and further restrictions in borrowings are needed.

Another scenario, assuming a faster reduction in borrowing, showed GNP rising at first more slowly than in the main predictions hut recovering

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US companies heavily involved in EEC project

By Ivo Dawnay in Brussels

US companies or their European affiliates have been awarded a role in nearly half the 31 projects given the go-ahead under the definition phase of the EEC's Race programme of research and development for telecommunications technology.

The extent of US involvement in the programme, which is aimed at boosting European competitiveness in the field, was revealed in details of the projects published by the European Commission yesterday.

Of the 13 schemes which include the participation of US interests, eight involve Standsrd Electric Lorenz, the West Germany-based company which is 86 per cent owned by ITT.

The question of US involvement in Race has provoked some disquiet among leading EEC companies which have challenged the appropriateness of an American presence in an Ecu 40m (£24m) expenditure programme, half of which will be met by the EEC taxpayer.

But officials said yesterday that it was next to impossible to exclude companies with US participation if they were closely integrated in current Community work in the field. "It is easy in the US to define what is an American company," one said yesterday, "but in Europe it is much less clear."

The aim of the Race Definition phase is to establish the groundwork for a pan-European advanced wideband telecommunications network by 1995, integrating voice, text, graphics and video transmission in a single network.

Yesterday, the European Commission also announced a network of laboratories to carry out European Conformance Testing Services. These will help to ensure that information technology products developed in the EEC will be able to integrate fully with each other through a shared basis of standards, founded on the Open Systems Interconnection (OSI) protocols.

The EEC is to contribute Ecu 10m towards the cost of setting up the laboratories

Eleven proposals have also been selected from more than 40 submitted to develop software projects under the ESPRIT programme for boosting collaboration in EEC information technology research. The Community will contribute Ecu 18.9m towards the studies.

Among the European countries, France and the UK are heavily involved in most of the projects, but West Germany is notable for a lower profile.

Siemens, for example, is only involved in three research contracts such as that into switching techniques, whereas Britain's GEC is taking part in 11, British Telecom in oight and Plessey in five.

Rocard proposes increase in petrol tax

BY DAVID HOUSEGO IN PARIS

MR MICHEL ROCARD, the French Socialist teader, yesterday reinforced his claims to remain an independent voice within his party by proposing that the gain to French consumers from falling petrol pump prices should be substantially offset by an increase in petrol tax.

Mr Rocard's proposal runs counter to official Government policy as expressed by M Laurent Fahius, tho Prime Minister. Mr Fablus has said that the windfall of the falling dollar and falling oil prices should be used as in West Germany, to bring down inflation further ond to help industrial investment through declining costs and Interest rates.

In an article in an economic daily, Mr Rocard said that a continuing fall in domestic petrol prices would increase consumption and thus French dependence on importod energy.

He said that if tho fall in domestic fuel prices is halted by an offsetting increase In petrol taxes, the gain to the budget would be FFr 30-40bn a year.

Mr Rocard said that this sum could be used to prepay part of France's foreign debt or to cut personal or corporate taxation. The latter proposal is ono of the options being considered by tho right wing opposition if they are victorious in the March elections.

Finance Ministry officials believe, however, that tho fall in petrol prices will have been fully passed on to consumers by the time the new government could pass the necessary legislation through tho National Assembly to raise petrol duties.

Mr Rocard also added the novol proposal that part of the tax receipts could be used—if other major industrialised countries would adopt similar poticies—to write-off part of the dobt of tho most vulnerablo of the Third World countries. Mr Rocard sees sueh action as preferable to the risks of an international financial crisis.

Mr Rocard's disavowal of official Socialist pollcy comes in the middle of the election campaign and reflects the lono path on which he has embarked. Notwithstanding his popularity in the country, he has kept his campaign speeches to a minimum and declined to take part in major television programmes.

In mointaining a low profilo in the parliamentary elections, Mr Rocard hopes to maintain his popularity and prestige intact in a way that will strengthen his ehances as a candidate in tho Prosidential elections dne ini two years' timo.

MR KAARE WILLOCH, Norway's Prime Minister, expressed strong concern over the possibility that the US might impose an import duty on oil, reports our Oslo correspondent.

Norway, a net exporter of oil to several countries including the US, would see such a duty as "utterly regrettable, not only for the oil experters but also in a far wider perspective," Mr Willoch said.

It would be "an unreasonable favouritism of American oil prodncers" and wonld hurt other oil producers.

He said that Norway expected all OECD member countries to "respect and support a free trado of oil."

Several US companies take part in Norway's offshore oil production. Economists here said that import duties on oil in the US and other countries eould halt the development of new Norwegian oil fields.

Kohl rejects allegations of false testimony

BY RUPERT CORNWELL

CHANCELLOR Helmut Kohl yesterday rejected all suggestions thot he had given false testimony to a parliamentary panel, and insisted that the criminal investigation underway into such claims was part of a campaign aimed at discrediting himself and his Government.

In a newspaper interview, constituting his first public reaction since public prosecutors in Koblenz decided to press ahead last week with their probe, Mr Kohl declared that there was "nothing in the allegations against him.

"I gave my evidence (to a committee of the Rhineland Palatinate state parliament last July) to the best of my knowledge and conscience," tho Chancellor told the Neue Presse Hannover newspaper.

Mr Otto Schily, the leading member of the radical Greens party, who has levolled the accusation against tho Chancellor, was merely Intent on "damaging my personal prestige and reputation."

Mr Kohl spoke of an "evil strategy," aimed at "fuelling a campaign against myself, both as Chancellor and leader of a successful coalition Government."

The Chancellor's forthright comments echo the widespread view among his supporters that the Investigation signals no more than a premature start to tho campaign for the January 1987 Federal election in which no holds will be barred.

Even so, the chargo In Koblenz, and the possibility that a further investigation in Bonn may be shortly opened into a separate assertion of Mr Schily that Mr Kohl lied to o Bundestag committee over the receipt of DM 55,000 from the Flick group have had a deeply unsettling effect on the centre right coalition.

Although it still seems on course to win in 1987, Mr Kohl's own standing has again slipped. A poll by tho INFAS institute last week showed the Chancellor trailing Mr Johannes Rau, his designated Social Democrat (SPD) opponent next yoar, by a 51 to 37 margin in a straight popularity contost.

The Kohlenz investigation will establish whether Mr Kohl told tha truth last July in denying all knowledge of a front organisation used to channel funds Improperly to his Christion Democrat (CDU) party.

Should it docide to press charges, 61 per cent of West Germans consider that the Chancellor should resign, a survey by Quick magazine showed this week.

Polish writers' union ousts party candidates

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S writers' union congress met yesterday to elect a new governing board amid controversy fuelled by delegate elections in which prominent activists supported by the Communist Party leadership were routed.

As General Wojciech Jaruzelski attonds the Soviet Union Party Congress he may well be musing on the implications of developments in the writers' union for his own party congress in June.

The writers' union elections, held under secret ballot, showed that the Communist Party leadership is finding it difficult to control institutions and impose its own preferred candidates.

The secret ballot, introduced In 1981, remains on the rule book of the Communist Party and other organisations. After martial law the authorities retained the rule in a hid to defend their credibilty and in the conviction shared by the opposition that control could be imposed despite this provision.

But in Warsaw the writers' organisation has elected a delegation opposed to the party leadership. In Cracow, a group of moderates would like to seek an accommodation with those who continue to boycott the present union.

The writers' union was disbanded after martial law when the authorities failed to get the then leaders elected in 1980 to toe the official line.

A new union set np three years ago has attracted 710 writers but hundreds inclnding the best known still refuse to put their names forward for membership.

Romania 'determined to maintain independence'

BY LESLIE COLITT IN BUCHAREST

ROMANIA will not change its independent-minded policy towards Moscow In order to match its fast-growing economic ties with the Soviet Union, a senior Romanian official stressed yesterday.

The remarks by the official took on special meaning as President Nicolae Ceausescu, the architect of Romania's foreign policy, attended the Soviet Communist Party Congress in Moscow.

Western diplomats had speculated that Bucharest conld forfeit its "dissident" role in the Warsaw Pact as a result of sharply increased Soviet oil deliveries to Romania over the next five years. Romania is suffering from an acute energy shortage, with falling oil ontput, no nuclear energy and serious probloms in coal and electricity production.

The Romanian official, who spoko on condition that he remain unnamed, flatly stated that Romania would continue its independent line towards the Soviet Union despite their accelerating economic ties.

The official explained that during the Brezhnev era Moscow had refused to sell oil to Romania "for political reasons." He said: "Now Gorbachev wants to sell us oil for business reasons."

Moscow agreed last December to a five-fold increase in oil deliveries to Romania up to 1990. The Soviet Union and Romania also planned to increase biloteral trade by up to 70 per cent in the current five-year plan.

However, the Bucharest official was sceptical that sctual Romanian purchases of Soviet oil would accelerate so rapidly.

Spain reports rise in unemployment rate

BY DAVID WHITE IN MADRID

SPAIN'S unemployment rate, the highest in Western Europe, is still rising as tho Socialist Government prepares to seek re-election later this year. However, the latest figures for jobs and economie growth indicate a turnaround in the trend which has reduced the number of working Spaniards by almost 2m since 1977.

The total of jobless rose hy about 65,000 to 2.93m last year, or almost 22 per cent of those availahle for work, according to fourth-quarter figures from the National Statistics Instituta.

The increase was aharply down on the previous year's 430,000 and coincided with a rise of almost 45,000 in total employment, for the first time in recent years.

This rise, regarded by the Government as significant even though it fails to match the numbers coming on to the job market, began in the third quarter and continued at a modest rate in the closing months of the year, when economic activity showed an unexpectedly sharp recovery.

Figures from the instutute indicate thst the annnal growth rate came close to 4 per cent during the second half of the year. The increase In gross domestic prodnct for the year is put at 2.1 per cent, higher than the official target of 1.9 per cent and well above tho Bank of Spain's eatimate of 1.7 per cent.

Growth was boosted by higher investment, with gross capital formation rising by 5.5 per cent after a 3.2 per cent fall in 1984, and private sector demand, estimated to have grown by 1.5 per cent compared with an 0.8 per cent decline the previous year. The stronger domestic trend, which included a revival in the depressed building sector, offset slower growth in exports.

Unemployment In industry and construction fell lsst year, while increasing in services

Danes expected to support EEC reform

By Hilary Barnes in Copenhagen

THERE WILL be a handsome majority in favour of the EEC reforms in Thursday's consultative referendum, if the vote follows o Gallup poll published yesterday.

The poll indicates a 62 per cent-38 per cent breakdown in favour of the reforms among those who have made up their minds. The total responses were 48 per cent for, 29 per cent against and 23 per cent undecided.

Prime Minister Poul Schlüter, heading a non-Socialist minority coalition, called the referendum when a centre-left majority in the Folketing decided to block Denmark's agreement to the reforms.

Gallup indicates o major split among opposition Social Democratic supporters, with 25 per cent in favour, 43 per cent against and 32 per cent undecided.

The No vote will be heaviest in the hig cities while there is an overwhelming majority for the reforms in smaller towns and rural areas.

Women, 40 per cent for, 31 per cent against and 29 per cent undecided, are much less enthusiastic than men, who are 56 per cent for, 28 per cent against and 16 per cent undecided, according to Gallup.

OVERSEAS NEWS

Indonesia plans to increase its oil sales

INDONESIA plans to make up for falling oil revenuo by selling as mueh oil as it can at market priees, the country's loading Economics Minister says, AP-DJ reports from Jakarta.

Mr Ali Wardhana, co-ordinating minister for tho oconomy, finance, industry and developmont, also told the Asisn Wall Streot Journat that Indonesia would not revise its budget for the year beginnmg April 1, even though tho recont collopse of tho world oil market has forced spot priees as much as $10 a barrel helow the $25 figure used to estimate government revenuo.

Mr Wardhana, saying Indonesia would eut spending to match revenue, also ruled out a devaluation of the Rupiah as a way to fund the budget.

The minister expects the country's current-account deficit to widen because of falling oil receipts and increasing deht payments but says that $10.7bn in foreign-exchange reserves and $3.2bn in undrawn commercial credits provide more than enough cushion for a 1986 deficit that some foreign bankers estimate may grow to $4bn from about $2bn in 1985.

The ministor says the next few years will be among the most difficult Indonesia has foced because of the nncertain oil market. Oil and natural-gas exports provide about 70 per cent of Indonesia's foreign exchange and more than half its budget revenue.

Mr Wordhano says that each $1 drop in the price of a barrel of oil cost Indonesia $300m in foreign-exchange earnings. For the first balf of 1985, oil exports fell 20 per cent in value from the same period the year hefore to $5.04bn. Total 1984 oil exports were $11,7bn.

"If the price of oil comes down, then we should increase production in order to increase exports," he says. "If we want to maintain our revenue targets, then we must raise our production level. I think if we can reach 1.6m (barrels a day) then that will not be too bad."

Tho 1986-87 budget, figuring oil at an overage $25 a barrel with output of about 1.3m barrels a day, projects domestic oil revenuo will fall 14 per cent from 1985-86 to 8,100bn rupiah (£4.9bn).

Production has averaged about 1.3m h/d in the past two years. Indonesia, a member of the Organisation of Petroleum Exporting Countries (Opec), generally has restricted output according to Opec guidolines.

Mr Wordhana says oil output currently is about 1.4m b/d. "But it's going to go up again," he said, adding that capacity is 1.65m b/d.

The minister declined to discuss pricing policies, which will determine whether Indonesia can export additional crude into an already-glutted world market. Indonesia and Its leading oil customers In Japan currently are renegotiating long-term contracts, and it is not clear yet how prices will be set, However, Mr Wardhana says: "We have to follow the market price." Oil trading sources say Indonesia's principal crude grade might now fetch only $17 to $18 a barrel, compared with an official price of $28.53.

Indonesia will cut budget spending In fiscal 1986/87 ending March hy rescheduling development projects because of lower oil oxport earnings, the Finance Minister, Mr Radius Prawiro, told, reporters, Reuter reports.

Low-priority state projects will be rephased and details can be oxpected in the second week of March, he said, adding the Government was now studying which projects may be affected. Development spending on industrial and irrigation projects, schools, hospitals and roads for the coming year has already been cut by more than 21 per cent.

Peking to tighten squeeze on domestic credit

BY ROBERT THOMSON IN PEKING

THE CHINESE Government will squeeze domestic credit more tightly this year, and Chinese banks and investment bodies are to increase their borrowing on the international money market in coming months, according to statements made by senior Chinese financial officials in recent days.

Chen Muhua, governor of the People's Bank of China, the central bank, made clear last week that there would be a "serious contradiction" between funds available for local loans and demand.

The situation is In stark contrast to the same time last year when Chinese banks were competing with each other to lend money, as inexperienced provincial bankers had more antonomy and cash than they could handle. The rush of capital loan volume was 20 per cent abovc the state plan—fired up an already overheated economy.

In recent months, the People's Bank has tightened control over bank lending and launched a campaign to increase deposits. Chen Muhua has stressed the need for greater vigilance, and has required provincial banks to report more frequently to central anthorities.

"More publicity should be given to savings. More banks should be opened," the govornor said. She also urged banks to control strictly the use of foreign exchange. Present foreign exchange limits have slowed imports and forced provincial anthorities to be more selective about joint ventures.

Agricultural production, and grain-growing in particular, is tha only domestle sector to be given a credit boost this year. Grain production is a sensitive political issue, and an embarrassing fall in ontput last year was partly blamed on farmers turning to more profitable cash crops and sideline industries.

Yao Wei, the deputy manager of overseas investment for the China International Trust and Investment Corporation (Citic), a government investment arm, said his organisation would be increasingly active on the world bond market in coming months to finance its growing portfolio of foreign investments.

MORE OVERSEAS NEWS, PAGE 6

Indian economic survey warns over trade gap

BY K. K. SHARMA IN NEW DELHI

THE Indian Government's pre-budget survey of the economy presented to parliament yesterday paints a highly optimistie picture—with the rise of gross national product in 1985-86 projected at around 5 per cent—but it expresses concern over the mounting trado gap.

This has led the Government to sound a warning on the need for "effective measures" to strengthen tho country's balance of payments, the doterioration of which it hlames on tha expected fall in domestie oil production and international factors such as growing protectionism.

The Government announced that It would partially reverse its current policy of import liberalisation to guard against unfair competition and price cutting hy overseas producers since thia affected thc vital domestic capital goods industry.

The key decision comes in spite of growth in industrial production of neorly 7 per cent in 1985-86. Because of unfair competition from ahrosd for tha capital goods industry, the economic survey says, "our tariff and import policies will have to be carefully structured to ensure that legitimate protection is provided to domestic industry, while at the same time controlling the costs of investment projects."

No indication has heen given when the import policy and tariff structure will be revised, but tho first moasures could come as early as Friday when the Government is to present its annual budget to parliament. Import policy changes are normally announced early in April.

On checking the deterioration in the balance of payments situation, the Government wants to improve the country's exports which ahowed a nominal rise of 0.7 per cent in the first half of the current financial yoar. In addition, it wonts "selective import substitution" of key bulk imports sueh os crudo oil, cooking oit and sugar. This is important because hard currency reserves are expected to decline this year.

Except for reservatlons about the current account deficit, the survey paints a rosy plcture of the economy. In addition to the satisfactory rise In GNP this year, the Government forecasts a rise of foodgraln production hy 3 per cent to about 150m tonnes. Stocks reached record levels in June, 1985, to nearly 30m tonnes.

The industrial production growth of 7 per cent comes partly from the liberalistion of cumbersome controls on industry in the past year. This has, the Government says, provided a major opportunity for growth in invostment and ontput.

Asian exporters prepare to meet US textile curbs

BY DAVID DODWELL IN HONG KONG

MAJOR Asian textile exporters who meet in Peking next week to prepare a common position ahead of negetiations on a new Multi-fibre Arrangement (MFA) will now have et the top of their agenda the threat of a renewed *protectionist onslaught from* the U.S., it emerged yesterday.

No official statement has yet come from the US Administration, but trade officials in Hong Kong, South Korea and Taiwan have disclosed that in the past three days that they have been asked by US trade officials to freeze textile and garment exports at 1985 *levels* for the next three years.

They have also been told that US trade negotiators want to impose export restraints on garments made of silk, linen and ramie—none of which falls within the MFA and not therefore subject to bilateral trade agreements. These have provided much of the impetus for export growth to the US in the past two years.

First signs that the US was preparing tough new restraints on textile imports came last week when Mr Eric Ho, Hong Kong's Trade and Industry Secretary, was told during trade *promotion talks in Washington* that the US wanted to advance the renegotiation of a bilateral trade agreement that is not due to expire until the end *of* 1987.

Since then, Mr Charles Carlisle, deputy US Trade Represeotative, has been dispatched to Seoul, Peking, Bangkok and Taipei to put similar requests to major Asian textile exporting countries.

Officials in Seoul are understood to have snubbed US reqnests. In Hong Kong, officials say they are willing to talk, and have arranged a meeting in April. It is nevertheless understood that Hong Kong trade officials *are unwilling to reach* any agreements that would compromise the textile exporting countries' negotiating position ahead of MFA talks which began in Geneve at the start of April. A new MFA has to be agreed by July.

The meeting in Peking is one of a series that low-cost textiles producers hold intermittently. *The last was in Seoul last September.*

The latest US initiative hes comc too late for consultations before delegates arrive in the Chinesc capital for fonr days of talks, but it was made clear yesterday that much of the discussion next week is likely to focus on whet is seen as a "*divide-and-rule*" *tactic* by the US Administration.

● Hong Kong's domestic exports in Jannary fell by 6 per cent from January last year, according to provisional figures released yesterday by the territory'e census and statistics department.

Domestic exports in January 1986 amounted to HK$10.5bn, down from almost HK$11.2bn e year ago. Re-exports also fell by 4 per cent from just under HK$9bn to HK$8.56bn.

Imports fell by 2 per cent to HK$18.8m, leaving e visible trade surplus for the month of HK$287m.

Anthony Moreton writes: The International Wool Secretariat is cutting its workforce throughout Western Europe by about 70 people, some 13 per cent of its complement. It is also not replacing e further 10 people as they leeve the organisation.

The secretariat is the marketing arm *for* the world's wool growers and although its budget—now A$150m—has been increased to take account of the Australian dollar's devaluation it is reducing resources allocated to Western Europe in order to release finance for major projects elsewhere.

The IWS development centre *at Ilkley in England, is finding* 20 of the redundancies. The remaining 50 will come from other European branches.

Electrolux in link with Mitsubishi

BY CARLA RAPOPORT IN TOKYO

ELECTROLUX, the Swedish electrical appliance group, has agreed a technology link with Mitsubishi Electric of Japan in a deal expected to have a far-reaching impact on the European refrigerator market.

Mitsubishi Electric will transfer its rotary compressor technology to Electrolux under a 10-year licensing agreement.

The rotary compressor for refrigerators, introduced in 1980, is about ¼ the size of e conventional compressor and uses less electricity.

About 60 per cent of Japan's 11m refrigerators sold last year contained such compressors, but the technology has not been introduced in Europe or the US.

"This new business relationship will enhance both parties in Europe where more than 10m refrigerators are produced yearly, a Mitsubishi Electric official said yesterday.

He added that the intense competition in refrigerator and compressor manufacturing was a very good reason why the two groups should create such links to strengthen their positions in the market."

The licensing agreement is expected to accelerate the shift from conventional to rotary compressors in the European market. Mitsubishi Electric said it was also in talks with several major US refrigerator makers on licensing its rotary technology.

The Japanese group said that the Electrolux deal could lead to other links between the two groups. "We are interested in expanding and after buying Zanussi, Electrolux is looking et ways of strengthening its position," said Mitsubishi.

Mitsubishi first marketed the rotary compressor in 1980 in Japan, and was followed by other manufacturers in 1981.

Olivetti boosts personal computer sales to AT & T

BY ALAN FRIEDMAN IN MILAN

OLIVETTI, Italy's leading office automation group, sold 190,000 M-24 personal computars to US partners American Telephone and Telegrapb (AT&T) end Xerox in 1985, for L667bn ($423m).

This compares with $160m of personal computers sold by Olivetti to AT&T between April and December of 1984, during the initial period of collaboration.

AT&T, which in 1983 paid $260m for a 25 per cent etake in Olivetti, bonght 155,000 Olivetti personal computers in 1985, at a transfcr price of $341m.

Xerox, which began selling Olivetti computers in the US last year, bought 35,000 personal computers and paid $82m. Olivetti's tetal 1985 conselidated group turnover was L6,130bn, up 34 per cent en 1984.

Mr Vittorie Levi, Olivetti executive vice-president for operations, said the Ivrea-based group produced o total of 400,000 personal computers in 1985 and expects the level to rise to 500,000 this year.

● The Fata Group, e Turin-based factory entomation and packaging subsidiary of Britain'e Bebcock International, has won a $32m order to supply General Motors with 500 eutomated guided vehicles fer its North America car assembly plants.

Fata last year recorded sales of $180m.

Philips and Sony in compact disc link

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronics group, and Sony of Japan plan to establish e common standard for the compact disc which could help them exploit new markets for such equipment.

By reaching agreement before new products hit the market, Philips and Sony *hope to prevent the proliferation* of formats that have previously robbed rapidly developing products of sufficient market share.

The two groups intend to establish common standards for the "interactive" use of audio and video compact disc systems.

The interactive compact disc can be used for two-way handling of music and sound as well as speech, picture, graphics, computer programs and computer data.

The ability to combine this information would, for example, enable an encyclopedia to be presented with pictures and text.

Philips and Sony first agreed on standards for the compact disc in 1983 and followed last year with e format that laid the groundwork for storing audio, video and computer data on optical discs.

The new agreement will standardise the translation of the stored information back into pictures, text and ether data.

The deal with Sony achieves several goals for Philips. One is to exploit the compact disc to the fullest, another is to interchangeably market audio-video equipment for both home and office and o third is to strengthen ties with Japanese electronic companies.

French institute wins Aids test access to US

By David Marsh in Paris

INSTITUT PASTEUR, the French public sector research institute, has gained access to the US market to provide diagnostic tests for Acquired Immune Deficiency Syndrome (Aids), the killer disease.

The US Food and Drug Administration has delivered a licence to Genetic Systems, the Seattle-based company with which Pasteur is linking in the US, enabling marketing to start after a long delay.

The Pasteur institute started legal action in the US in December te try to win recognition of the institute's primacy in discovering the Aids virus—a claim which is disputed with a group of rival US scientists.

Researchers at the Pasteur institute laid claim to discovering the virus in May 1983, a year ahead of the US scientists.

Mr Raymond Dumonder, the institutes director, made clear yesterday that the legal action had not yet been terminated. Pasteur still faces the threat ef counterfeiting action in US courts from US companieo which are distributing Aids tests under patent rights giving primacy to the rival scientists led by Dr Robert Gallo of the Bethesda - based National *Cancer Institute.*

Mr Dumonder said that, in spite of the institute's late start, it hoped to win 20 per eent of the US market for Aids tests.

UK group in bridge order

A BRITISH company has won a £3m contract te supply galvanised suspension wire for the second Bosphorus bridge being built in Turkey by a Japanese consortium.

Rylands-Whitecress of Warrington, Cheshire, one of the companies in the TWIL group, will supply obout 5,000 tonnes of the wire—half the quantity needed.

The contract was signed with three members of the consortium, Ishikawajima-Harima Heavy Industries, Mitsubishi Heavy Industries and Nippon Kokan. Deliveries of the 20,000 miles of wire will start in May.

Bulgarian contract

Abay, the Belgian plant-builder, has been awarded e contract valued et $46m (£32m) by the Bulgarian state agency Bioinvest Engineering te design and supply e factory to produce dextrins, modified starches, glucose, maltose and fructose syrups. The factory, with a processing capacity of 570 tonnes of corn e day will be financed mainly from Belgium.

Daewoo parts deal

Daewoo Heavy Industries of South Korea has signed an agreement with Boeing of the US to supply parts fer Boeing 767 and 737 aircraft, Daewoo said yesterday, Reuter reports from Seoul.

Daewoo will produce Boeing 767 rib assemblies and Boeing 737 support arm and shaft assemblies.

The new Airbus models need substantial government aid, **Michael Donne** reports

BAe's wings require a £500m cash lift

BRITISH AEROSPACE is likely to face one of its toughest battles yet in its bid to gain up to £500m launch aid from the UK Government for its proposed participation in the oew generation of Airbuses — building the wings for the short-to-medium range twin-engined A-330 and the long-range four-engined A-340.

If granted in full, the sum will be the biggest single item of launch aid yet sought for e commercial aircraft programme, twice the £250m granted for BAe's participation in building the wings for the A-320 150-seater aircraft now under development.

British Aerospace has yet to submit formal proposals, although it has discussed the metter informally with the Department of Trade and Industry, thc sponsoring department for the eerospace industry.

Only two other civil aerospace ventures financed by the Government have exceeded its latest proposal. One was Concorde, which cost more than £900m for the UK's share of the joint venture with France.

The other was the Rolls-Royce RB-211 engine, following the rescue of that company from bankruptcy in 1971. From 1971 to 1976, ootlays on the RB-211 alone amounted to over £258m.

But both Concorde and the RB-211 rescue were classified as *special ventures* of *national im*portance with international political as well as commercial considerations involved.

Nevertheless, there have been some large items of pure launch aid in recent years. From 1981-1982 to 1985-86, e total of £420.9m has been spent supporting nine individual projects, with another £229.5m still to be spent out of the sums originally allocated for those ventures.

Apart from the £250m for the A-320 Airbus, £41m for the W-30 civil belicopter, and £60m for the civil version of the proposed Westland Augusta EH-101 belicopter, the biggest recipient of launch aid in the 1980s to date has been Rolls-Royce, on e variety of angine programmes.

Various versions of the RB-211, including the 524 type, which provides higber thrusts for larger aircraft, and the 535 type used on short-to-medium range aircraft sucb as the Boeing 757, have accounted for £230.7m since 1981-82.

Rolls-Royce'e 30 per cent share of the new V-2500 engine being built by Internatienal Aero-Engines in collaboration with Pratt and Whitney of the US and Japanese, German and Italian engine companies, has alreedy accounted for £31.7m in launch aid, with another £28.3m still to be spent out of the £60m allocated.

Since 1945 virtually every major UK airliner and civil engine venture has received launch aid of various amounts, including the early Comet jets, the Viscount turbo-prop airliner, the Bristol Britannia, the Vickers VC-10, the Hewker Siddeley Trident and the British Aircraft Corporstion One-Eleven. Some projects, however, have not. The new Rolls-Royce Tay jet engine is an example of e privately financed programme.

Total Governmeot ootlays on launcb aid (exclnding Concorde and the early rescue of the RB-211) are thought to have cxceeded £2bn since the Second World War. Of that little more than 10 per cent has been recovered directly by the Government through levies on sales of the aircraft or engines.

Some projects bave repaid the Government handsomely — the Rolls-Royce Dart turbo-prop engine, for example, first funded in 1949 with launcb eid, and the Vickers Viscount airlioer of the 1950s, were both highly successful programmes, with the Dert still in production today.

But most havc oot, and sometimes the Government bas had to make special arrangements to write off the debt. Few projects in receot years have generated sufficient sales to earn profits for their manufacturers, much less for the Government.

Factors sucb as these make tbe Government cautious about ewarding launch aid. Eacb application is judged on its merits and often the cabinet as a whole is involved.

British Aerospace, for instance, made e detailed presentation over the Airbus A-320 funding to the Prime Minister and other senior Ministers. Mrs Thatcher was favourably impressed, but declared that she did not want to see "another Concorde." So far, the A-320 seems to be doing well, with 100 firm orders before it has even flown, but even that will net repay the Government's outlays.

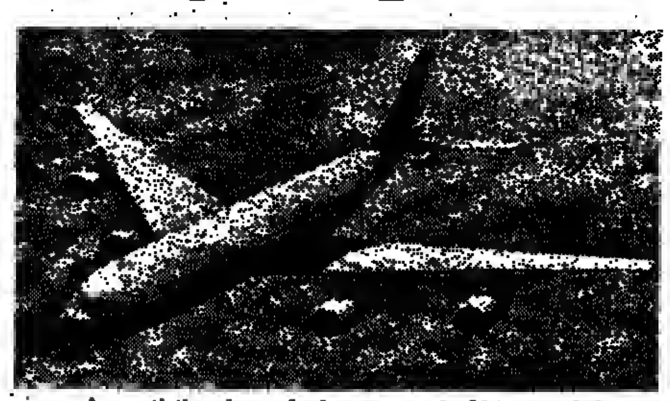
For the A-330 and A 340 ventures the Government will be looking fer a reasonablc likelihood of long-term profits, based eo sales of several bundred aircraft. It will also have to take account of other factors, including the long-term loss of business (and perhaps jobs) for BAe if the proposal is rejected.

Thc West German aerospace industry had made it clear that it would be ready to pick up the wing contract for the new aircraft if BAe could not finance it, and other European, US and Japanese manufacturers are also interested.

This argument bae been used before by tbe UK aerospace industry to considerable effect in seeking launch aid for major projects thot would nevcr beve otherwise been developed. Ministers and even governments bave tended to oward launcb aid for fear of being eccused of destroying a significant clement of the advanced technology aerospace industry if they did not.

At tbe same time, they run the risk of being eccused of feather-bedding the industry with money that might beve been ef greater benefit elsewhere in the nation's economy.

In view of these sensitive espects the Government is bound to treat sucb e large epplication for further money for the Airbus, before the earlier cash injections has yielded profits, with considerabla caution. At a time of tight public spending BAe will have to employ every skill it possesses and even so, may still bave to make do with less than the full amount, finding the balance from its own resources or the commercial markets.



An artist's view of the proposed Airbus A-340

UK CIVIL AEROSPACE LAUNCHING AID
(over past five years, £m)

Project	1981-82	1982-83	1983-84	1984-85	1985-86	Total yet to be spent	Overall Total
BAe A-320	—	—	—	46.5	58.5	145.0	250
W-30	—	10.0	10.7	14.0	4.6	1.7	41
EH-101	—	—	—	3.7	1.8	54.5	60
RB-211-524B	0.3	—	—	—	—	—	0.3
RB-211-524	32.3	14.6	—	—	—	—	46.9
RB-211-535	60.3	38.6	14.6	—	—	—	113.5
RB-211-535-E4	—	—	60.0	10.0	—	—	70.0
V-2500	—	—	—	10.0	21.7	28.3	60.0
BAC-111	—	—	—	8.7	—	—	8.7
Totals	92.9	63.2	85.3	92.9	86.6	229.5	650.4

REDIFFUSION Simulation of the UK is to supply two visual systems fer Airbus A310 and A320 training programmes. Under the $3.5m contract the company will install visual simulation systems on A310 and A320 simulators being built fer Aeroformation, the training division ef Airbus.

The contract also provides an option for a further two systems for A320 simulators.

Rediffusion, part of the BET company, has already sold 14 of the systems.

AT & T launches electronic mail service

BY PAUL TAYLOR IN NEW YORK

AMERICAN TELEPHONE and TELEGRAPH (AT end T), the US telecommunications group, yesterday launched e commercial olectronic mail service aimed primarily at large corporato users.

The group's entry into the computer - to - computer electronic message business represents a major filip for the embryonic electronic mail industry which has so far had only mixed success.

It is also likely to spur a fierce *competitive battle among* those companies like Western Union, MCI Communications and Federal Express which have launched electronic mail serviceo ovor the past fow years and have invested heavily in the hope that the business will become a big money spinner.

More than 200 corporations and 1,500 AT & T employees have been quiotly testing the company's electronic mail service, duhbed AT & T Mail, for tho past year before it was launched commercially yesterday.

AT & T said it has learned from this experience "how to offer electronic mail profitahly, and to tailor the service to the needs of husinesses that want employees to work more efficiently within groups and among various locations."

While the service, which allows computer and terminal workstation users to send electronic messages across telephone lines to othor AT & T mail customers, is clearly aimed at corporate clients, it will also be available to individuals.

But AT & T is cloarly hoping that by aiming the product primarily at business users it can avoid some of the prohlems and substantial start-up losses that have plagued its early electronic mail rivals.

AT & T also announced yesterday two software packages, ono based on MS-DOS, the industry standard, and the other on its rival Unix operating system, which simplify the sending of electronic messages.

Latin American ministers begin three days of talks

BY JIMMY BURNS IN BUENOS AIRES

LATIN AMERICAN ministers meet today in the Uruguayan seaside resort of Punta del Este to begin three days of talks which are expected to culminate in a key meeting on foreign debt on Friday.

Preliminary talks will involvo *the foreign ministers* of Colombla, Mexico, Panama, Vonezuela, Argentina, Brazil, Peru, and Uruguay. Together these countries co-ordinate the Contadora initiative for peace in Central America.

The meeting on Friday will be attended by the foreign and economy ministers of Argentina, Mexico, Venezuela, Colomhia, Uruguay and Brazil. This "monitoring group" of the Cartagena group of debtor nations will conceutrate on the debt issue in the light of recent developments in Mexico and the fall in international oil prices.

Today's gathering was arranged in an effort to keep alive efforts to bring about a diplomatic solntion to the Central Amorican conflict in tho face of an only partial response from both the US and Nicaragua to tho Contadora proposals.

These proposals, including a call for an immediate withdrawal of foreign and irrogular troops operating in Central *America and* the *guarantee* of free elections and full respect for civil liberties, were reiterated in a summit at Caraballeda, Venezuela, last month.

Mr Harry Shlaudeman, the US special envoy for Central American affairs, has been touring Latin American capitals to sound out the views of tho Contadora group.

Following talks between Mr Shlaudeman, and President Raul Alfonsin in Buenos Aires on Monday, Argentine officials said that the US bad reaffirmed that it was not preparing a military intervention in the region, and was broadly in favour of the principles underlying the Contadora initiative.

Consumer prices in US rise by 0.3%

US CONSUMER prices, the most widely used measure of inflation, rose 0.3 per cent in January after increasing 0.4 per cent in December, Reuter reports from Washington.

The continuing rise came *in spite of declining* crude oil prices that started to show np in lower petrol and home heating oil prices last month.

The Labour Department said there were signs that moderation in both food and energy prices was beginning. This had contributed to the slower overall increase in the consumer price index last month.

The Commerce Department reported that new orders for big-ticket durable goods rose $396m (£272m), or 0.4 per cent, in January.

That followed a revised 3.9 per cent rise in orders in December. The department previously reported that December orders had gained 4.3 per cent.

The key item in the durable goods orders rise was an increase of 45 per cent, or $3.2bn, in defence capital goods orders. Excluding this, durable goods orders in January were down 2.8 per cent from a month earlier.

Mr Malcolm Baldrige, Commerco Secretary, said ho expected durable goods orders to strengthen later in the year as a result of falling oil prices and a decline in the valne of the dollar. A 2.8 per cent decline in non-defence orders reflected a *sharp drop in commercial* aircraft orders, he said.

Panama close to World Bank deal

PANAMA is close to an agreement with the World Bank to clear the way for the rescheduling of $579m (£390m) of foreign debt dne this year, according to Mr Ricaurte Vasquez, the Planning and Economy Minister, Reuter reports from Washington.

In addition to providing $60m in World Bank funds, the agreement would make Panama eligible for an $856m financial packago signed with commercial creditors in October.

The package, contingent on the World Bank agreement, includes a nine-year $60m loan

Jimmy Burns reports on why economic rationalisation may be harder than it sounds

Political storm over Argentine privatisation

"THE BEST guarantee of stopping something from getting done in Argentina," the lato General Juan Peron once said, "is to form a commission."

Last week the Argentine Government of President Raul Alfonsin announced that it was forming an Inter-ministerial commission to discuss the implementation of tho privatisation programme launched on February 6 hy *Mr Juan Sourrouille*, the Economy Minister.

Simultaneously, it announced that a draft law on privatisation was being prepared and would soon be sent before a special parliamontary committee for further discussion.

Officials close to the Minister say tho two initiatives are aimed at co-ordinating positions and speeding up the partial or total sale of tho Governmeot's holdings in a rango of companies.

Those initially singled out by Mr Sourrouillo for privetisation are: *the steel giant Somisa*, the petrochemical companies Bahia Blanca, General Mosconi and Rio Torcero, and the Chemicals group Atanor.

Argentina's private sector remains to be convinced that investment in tho companies up *for sale* makes economic sense at o time of falling world demand for both petrochemicals *and steel*.

But Mr Sourrouille sees privatisation as an essentially psychological move. His determination to push ahead with major structural reforms of the

Mr Sourrouille: powers of persuasien needed.

economy coincides with the kind of effort requested from Latin American countries by Mr James Baker the US Treasury Secretary as part of his ideas for solving the regional debt prohlem.

Evidence of privatisation plans, it is hoped in Buenos Aires, may bring greater flexibility from Argentina's creditors, *at a* time when the country is seeking to extend its current agreement with the International Monetary Fund.

Argentina is understood to be seeking the co-operation of the World Bank for its privatisation *plans, both for support* In job creation schemes and for infrastructure development credits. Government officials hope that World Bank support, together with the budget savings implicit in a grodual reduction of subsidies to the companies up for sale will make privatisation a more profitable exercise than would otherwise be *imagined*.

Mr Sourrouille says privatisation is a *sine qua non* for modornisation and economic growth. But although he has studionsly avoided talking about denationalisation and stated boldly his intention of making stato resources ovailable wbere they are most needed, he has not managed to persuade tha nation that his way is right. On the contrary: ha has provoked a political storm.

The main parliamentary opposition grouping the Peronist Party has predictably been tha first to throw itself into the ring. Anxious to recover the political initiative from the trade union movement, it has used the privatisation issue as a useful way of activating the party's traditional constituents: the working class, the military and sectors of business which have maintained strong links with the state.

General Juan Peron took edvantage of a fall in world demand for Argentina's agricultural products and the absence of a strong industrial private sector after the Second World War to promote military and *state-backed industrialisation*.

The Argentine public sector has heen growing ever since. and many Argentines still think back on the Peron years as bright with job opportunities and prosperity.

The Peronists and other left-wing groups have influence et local government level in an area of the country where somo *of* the *major privatisation* candidates like Somisa, are located.

Local officials have been quick to *rally* support for protests against tho plan.

Tho modernisation contemplated by the Government is o password for mass lay-offs similar to those epplied in Europe, its opponents claim. Somisa has e workforce of 12,500—a figure which according to some analysts would have to be reduced by half if the company were to be mado cost effective.

Other vested interests are expected to join battle shortly. Both the state and the private sector are involved in a complex structure of management and shareholdings in all the companies to be privatised. Government responsibility for tho steel and petrochemicals sectors is theoretically shared by the Ministries of Defence, Economy and Publie Works

The Ministry of Defence's shares are channelled through the military industrial holdings, Fahricaciones Militares, which has interests spanning a rango of sectors from shipbuilding to explosives.

The Ministry of the Economy considers it has overall responsihility for the finances of the state companies, although President Alfonsin recently created two new sub-secretariats answerable to him—one in charge of "growth and promotion," and the other of state company andits.

The Ministry of Public Works has important shareholdings in the petrochemical companies through Gas del Estado, the gas utility, and YPF, the state oil concern.

The Ministry of Defence has to be careful not to provoke the military by being seen to hand over strategic sectors of the economy too readily. Even greater resistance has come from Mr Conrado Storani, the Energy Secretary and President of the state companies involved.

Even if the Government manages to sort out the current tug of war—and officials at the Economy Ministry say that Mr Alfonsin wants them to proceed as planned, even at the risk of a major parliamentary debate—there are complex technical *problems* that will need to be overcome.

Not loast of these is the difficulty of calculating the real worth of a company in a country such as Argentina. Following years of high inflation, not to speak of tax evasion and financial window-dressing, most company accounts are virtually meaningless.

Clint Eastwood shoots for the mayorship

BY LOUISE KEHOE IN SAN FRANCISCO

THE mayoral elections in Carmel-by-the-Sea do not usually make hig news outsido the boundaries of this affluont little Californian resort community. But when one of the candidates happens to be Clint Eastwood, the film star, the wholo world starts watching.

Mr Eastwood, 55, is taking the olection seriously. A residont of Carmel for 14 years, and the owner of a popular Carmel restaurant, The Hog's Breath Inn, he aims to "save the town's husiness community from a bureaucratic nightmare."

He is against the business development restrictions that have been imposed by Ms Charlotte Townsend, incumbent mapor. Her council has been determined to maintain the exclusive "village" atmosphere of Carmel, where homes typically cost around $1m (£690,000), and to discourage tourism.

"I care very mnch obout Carmel. I'm not doing this as a joke," says Mr Eastwood. But his entry into the mayoral election, scheduled for April 8, promises to make it one of the oddest *polls campaigns in* US political history.

"Think about it: Clint Eastwood knocking on doors, asking for votes," says Mr David Maradel, a city councillor who is seeking re-election.

At a store owned hy Mr Paul Laub, a lesser-known mayoral candidate, "Clint for Mayor" T-shirts decorated with a gun *and* the *slogan* "go *ahead*—make my day" . . . one of Mr Eastwood's most famous lines—are selling hriskly.

Mr Laub, mindful of his own political ambitions, oays the T-shirts sell in packs of two, tha second carrying his own Lauh for mayor slogan

Mr Eastwood has vowed that the election is not a publicity stunt. He has refused to be interviewed by ont-of-town reporters and announced his candidacy in the *local* weekly Carmel Pine Cone.

"There is a groundswell of support for Clint Eastwood," said o long time resident of Carmel. "His chances of election are good. He is an astute businessman. He manages money very well and people here respect him."

Would it be a problem to have a movie star for mayor? "Not at all. We have lots of movie stars living here.

Eastwood . . . anti-bureaucracy

Nasa 'was advised to delay launch'

By Nancy Dunne in Washington

AN ENGINEER employed by Morton Thiokol, manufacturer of the US space shuttle's solid booster rockets, yestorday expressed scepticism about recent assertions by senior officials of the National Aeronautics and Space Agency (Nasa) that they did not know of his grave reservations about the January 28 launch.

Mr Allan McDonald told the presidential commission investigating tha Challenger disaster that he had urged space agency officials to delay the launch until at least the afternoon when warmer weather would minimise the risk.

Engineers had been concerned about the affect of the freezing overnight temperatures

THE PHILIPPINES CRISIS

Chris Sherwell explains how Cory Aquino won the confidence of a grateful nation

Reluctant leader grows into the job

A MERE five months ago, President Ferdinand Marcos was asked about Mrs Corazon Aquino. Only half jokingly, he replied: "Who?" When pressed, he went on: "Coms on, come on, let's be practical about this. How can you put her as President?"

Now Mr Marcos knows. The 53-year-old widow of Mr Benigno Aquino, his greatest political opponent, who emerged as a belated compromise candidate of a fragmented opposition only a few months ago has electrified the country.

When he chested her of election victory through fraud and violence, she pressed home her claim with a brilliantly-judged protest campaign which helped provoke a crippling desertion from the Government by some of its most powerful elements.

The transformation from politician's widow to political leader reached its apotheosis yesterday. "Cory" Aquino, a quiet mother of five, a woman in a man's world, became Her Excellency President Corazon Cojuangco Aquino of the Philippines, poised to exercise an awesome panoply of presidential power inherited from an autocrat but based on a personal mandate from 54m people.

Her success, described by many as a "miracle" and the "end of a nightmare" has demonstrated the possibility of change without violence, and heralds a future of hope and a recovery of national self respect for the Filipinos.

Many wonder whether Mrs Aquino really wants to be President, having now achieved her main goal of removing Mr Marcos. She has always said he was her "number one suspect" in the assassination of husband, who was slain while in the custody of Government security men when he returned to Manile from self-imposed exile in 1983.

It remains possible that having successfully taken the country into a new era. Mrs Aquino will prefer to adopt an elevated, almost regal role, capitalising further on the legacy of Filipino unity which Mr Marcos unintentionally created by his arbitrary and greedy rule.

She could leave the task of running the Cabinet to her politically-ambitious running mate, Mr Salvador Laurel, and the leadership and reform of the armed forces to Mr Juan Ponce Enrile and General Fidel Ramos, both of whom were duly rewarded yesterday for their crucial role in securing her claim to the presidency.

She can also call on the expertise of countless advisers who have seen her through her campaign. The most important of these include Mr Jaime Ongpin, chief of Benguet, the country's biggest mining corporation, Mr Jovito Salonga, a lawyer and former Liberal Party politician, and Father Joaquin Bernas, lawyer and head of an influential Jesuit educational institution.

Additional talent is at her disposal among members and former members of the National Assembly and the professions. Even those in the Civil Service and military who switched allegiance late may not be frozen out of the "new republic," given Mrs Aquino's spirit of reconciliation and her prospective honeymoon period.

It seems likely, however, that Mrs Aquino will be expected to behave as the leader she is, and that she will find herself closely involved in executive decision making, if only as a universally-respected final arbitrator between differing interests. Much will depend on her willingness and ability to delegate authority.

Mrs Aquino (right) shakes hands with Gen Fidel Ramos during her proclamation as President. Vice-President Salvador Laurel looks on from the middle.

Of her judgment, there no longer seems any doubt. Her composure and maturity following her husband's death won her many admirers, but it was her political judgment and sincere conviction arising from the murder which turned the admiration into active support. Her husband's mantle passed directly to her.

"I start with the view that Marcos must go," she said in an interview last August. "But I also agree with what my husband "Ninoy" used to say—that he should go non-violently, which means through the ballot box. That means there should be only one other candidate in any election."

Initially, this daughter of one of the country's wealthiest land-owning families did not wish to be that candidate. But she also did not want it said that she had failed to do something essential to remove Mr Marcos. Eventually, she accepted the candidacy.

Just as her view on the need for a single candidate ultimately prevailed, so did the view that Filipinos had to remove Mr Marcos themselves, and to do it without violence.

In the wake of the disputed February 7 election, Mrs Aquino was under heavy pressure to be more aggressive, but she refused to stray beyond a line set by the Catholic Church, keen to avoid provoking a pro-Marcos backlash. Above all, she wanted to persuade ordinary people that they had the strength to do the job.

Events have shown her strategy worked, and a new phenomenon of "people power" is alive in the Philippines. Beholden to no group in particular, Mrs Aquino's already considerable personal authority now looks infinite. She has emerged from the traumatic post-election crisis poised to wield it wisely and with the confidence of a grateful nation.

First the pride, then the fall

By Chris Sherwell in Manila

JUST BEFORE noon yesterday, the master of ceremonies at the Malacanang Presidential Palace in Manila shouted above the cheers of flag-waving Marcos supporters. "And now," he announced grandly, "the moment you've all been waiting for . . ."

Before the first word of the inauguration ceremony could be uttered, the picture was lost—on channels two, nine and 13.

Nine hours later, Mr Marcos was on his way to Clark air base and then into exile, along with his wife Imelda, his daughters Irene and Imee and his son Ferdinand.

Across the city, an emotional crowd had gathered all morning for the rival inauguration of Mrs Corazon Aquino. Though only one radio station broadcast it live, it was heard by millions and seen on a television videotape 90 minutes later.

Mrs Aquino's ceremony was a jubilant, even tearful affair. A "people's resolution" declared null and void the National Assembly's proclamation of Mr Marcos as President ten days ago.

Signed by 60 Opposition MPs and scores of prominent Filipinos, the resolution was greeted with cheers. Loudest applause was reserved for Mr Juan Ponce Enrile and Lt Gen Fidel Ramos, who led the weekend breakaway from the Marcos Government.

Mrs Aquino then read a proclamation of herself as President and promised a Government of "justice, morality, decency, freedom and democracy."

Mr Salvador Laurel, her depoty, was named as Prime Minister, and Mr Enrile, as Defence Minister.

At Camp Crame, where tens of thousands of people stood ready to form a human shield against an attack by tanks crewed by Marcos loyalists, people wept as Mrs Aquino took her oath of office.

Thousands of people outside the club where the inauguration was held sang the national anthem and the Lord's Prayer as Mrs Aquino arrived to be sworn in. They hugged each other, cried, danced and knelt in prayer.

In her brief inaugural speech, less colourful than that of Mr Laurel, she invoked the name of her husband "Ninoy," saying it took his assassination to bring the unity and strength needed by the Filipino people to shatter Mr Marcos's dictatorship.

At the fortress-like Presidential Palace, about 600 people had watched Mr Marcos take his oath, haltingly, from Chief Justice Ramon Aquino. "No man can be more proud than I am at this moment," Mr Marcos said. The times did not call for a big celebration, he said, but whatever the challenges, "we shall overcome."

Apart from those present nobody heard his words (within hours all the pro-Marcos TV stations had been snuffed out) and the brief period during which the Philippines had two governments was over. The moment everyone was waiting for had finally arrived.

Tide of events too much as Marcos flees from office

BY CHRIS SHERWELL IN MANILA

FERDINAND MARCOS was flown by helicopter from his palace and into history last night, ousted as the country's president after 20 years in power. Though he was his country's longest-serving leader in modern history, he was ultimately one of the most disappointing and left in disgrace.

He began as a successful lawyer-turned-politician and won early popularity and respect. But that slowly evaporated as he became increasingly autocratic, the economy deteriorated, and domestic opposition grew.

At the end his health was weak, he was accused of being a fraud over his alleged war exploits, and exposed as a cheat in a presidential election against Mrs Corazon Aquino.

For more than three years he had been trying hopelessly to stem the relentless slide begun by the assassination in August 1983 of his most potent critic, Mr Benigno Aquino, Mrs Aquino's husband.

Mr Marcos had entered politics early, becoming a representative for his northern province of Ilocos Norte at the age of 32. Five years later in 1954 he married Imelda, an attractive former beauty queen after a whirlwind courtship. As a twosome they cut a powerful image: it was clear they were destined for higher things and they plainly had ambitions to match.

Mr Marcos switched parties to contest the presidency in 1965 and defeated President Macapagal.

By 1969 he had amassed enough strength to become the first president ever to win re-election.

In 1972 before another election which he was constitutionally barred from contesting, and amid growing opposition to his rule, he imposed martial law. From this time on the accretion of power escalated inexorably.

Through the skilful use of patronage, political blackmail and an arsenal of security powers, Mr Marcos methodically neutralised his opponents—in the military, the bureaucracy, the corporate sector, the unions, the press and, above all, the political parties.

But he established few new political institutions, and no visible successes. He also became extremely wealthy.

Mr Marcos's amoral style of rule always seemed destined to bring insurmountable problems. One was a relentlessly growing Communist-inspired guerrilla insurgency. Another was the economy, which without fundamental reforms threatened to become a cancer.

Bankers fear rescheduling agreement will founder

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BOTH THE IMF and commercial banks are certain to delay loan payments to the Philippines in the aftermath of yesterday's departure of President Ferdinand Marcos from office.

And as social unrest continued after his resignation, fears were growing in the banking community that the complex IMF loan package which formed the basis of last year's \$10bn (£6.8bn) rescheduling agreement with bank creditors might founder altogether.

At stake in the short term is an SDR 106m (£82.7m) loan payment from the IMF which was originally due in March. It was to be followed shortly afterwards by a \$350m loan payment from bank creditors under the rescheduling package.

In the confusion surrounding the run-up to the elections of February 7, the IMF was forced to postpone a mission to Manila to review the economy at the start of this month.

This was the first stage towards authorising further drawings on its SDR 615m loan. Now IMF officials in Washington face the problem that there is no one to negotiate with in Manila until Mrs Corazon Aquino, the country's new leader, appoints an economic team.

One consolation is that the Philippines is fully up-to-date with interest payments on its \$26bn foreign debt, but money supply growth is said to have run out of control, making it unlikely that the economy will get a clean bill of health when the IMF review does finally take place.

Mrs Aquino took a generally hostile line towards foreign creditors in election campaign speeches, but bankers said they would wait for proper contacts with her Government to start before attempting to judge her debt policy in practice.

No meeting of the advisory committee of leading creditor banks, chaired by Manufacturers Hanover, has yet been called. Bankers said the first priority was to see the new Government established and then to examine the fate of the IMF programme.

The Philippines rescheduling—which ironically became inevitable after the assassination of Mrs Aquino's husband, opposition leader Benigno Aquino, caused a surge in capital flight in the Autumn of 1983 — is regarded as one of the most complex and difficult ever.

It has been dogged by economic difficulties and policy failures of President Marcos, who refused to reform the sugar and coconut oil industries, as well as technical problems following the freeze imposed by the Government of interbank money market deposits at the Manila branch of Citibank.

Yet banks says that Mr Cesar Virata, the Prime Minister and Finance Minister under the Marcos regime, and Mr Jose Fernandez, Central Bank Governor, form a technically able and honest economic team.

There was hope in the financial community yesterday that a way might be found for them to stay on in the new government.

Cash cargoes 'flown to Hong Kong'

By David Dodwell in Hong Kong

A PRIVATELY-OWNED Lear jet has been ferrying cargoes of cash amounting to tens of millions of dollars out of Manila and into Hong Kong over the past two weeks, according to an investigative report yesterday in Hong Kong's leading English-language newspaper, the South China Morning Post.

The report gave substance to the widely-held belief that Hong Kong has for several years, but particularly in recent months, been used to "launder" money brought illegally out of the Philippines.

The report also coincided with claims that a number of senior Philippine politicians and officials have sought refuge in Hong Kong in recent days. The most prominent of these is Mr Nicanor Yniguez, former speaker of the Philippine National Assembly, who yesterday held reservations at a leading Kowloon Hotel. Reports that Mr Ismail Mathay, vice governor of Metro Manila, and Mr Roman Cruz, who resigned this week as head of Philippine Airlines, were in Hong Kong could not be independently confirmed.

The Post report on the flight of family fortunes out of the Philippines did not identify who owns the cash involved.

US crosses fingers and congratulates itself

BY STEWART FLEMING IN WASHINGTON

"DO YOU have any other leaders in mind that you would like to get rid of?" US Secretary of State George Shultz was asked yesterday as the overthrow of President Marcos set the seal on what is being viewed here as a major foreign policy triumph for President Ronald Reagan.

Mr Shultz ducked out quickly at that point, but already right-wing supporters of the Reagan Administration are saying, with Nicaragua in mind, that Mr Reagan should take note of his success and not shrink from using US influence elsewhere if necessary using military force, to promote democratic revolutions.

Critics of the Administration, meanwhile, worry that the successful transfer of power in the Philippines may make the hawks in the administration overconfident. Americans can indeed congratulate themselves in the Philippines, they say.

For once, the US has been able to abandon a dictator and align itself whole heartedly behind a new democratic Government, and to help in accomplishing this transition without violence. But this should not lead the US down the slippery slope of military involvement, the argument runs.

Whatever the longer-term implications, for the moment at least Mr Reagan can bask in the high praise awarded to his Administration for what is universally accepted as its "professional" handling of the last few weeks of the Philippine crisis.

Beginning with the despatch of special emissary Philip Habib last week, and continuing over the weekend with carefully tuned public statements designed to increase the pressure on Mr Marcos but not so to humiliate him as to encourage his innate stubbornness, the White House has nudged its ancient ally into accepting the inevitable.

Yesterday it was Senator Paul Laxalt who delivered the coup de grace. A personal friend of the President, he was sent to Manila last year to deliver a warning to Mr Marcos that the US judged that reform was proceeding too slowly.

In two telephone calls to Mr Marcos, interspersed with a conversation with Mr Reagan, Senator Laxalt spoke what Senator Richard Lugar described on Sunday as the magic word: "Go."

That Mr Shultz's head has not been turned by success was clear yesterday. Paying homage to "people power," Mr Shultz said: "This has not been something the United States has done, this has been something the Philippine people have done."

Mr George Shultz.

By finally deciding to throw America's weight unequivocally behind Mrs Aquino, and with the reassurance provided by the fact that (as Mr Shultz noted) Mrs Aquino is bringing into her government Gen Ramos and Mr Enrile, both former Marcos loyalists, the US is hoping that the transition will be a stable one.

Fingers are still being crossed in Washington, for officials are aware that this nascent democracy, assuming it survives, is likely to be a more difficult and nationalistic ally than before. But the starting point for the new relationship is a thousand times better than could have been hoped for only a few hours ago.

LAST DAY OF MARCOS'S PRESIDENCY

7.30 am Tuesday: General Fidel Ramos announces 85 per cent of armed forces back Mrs Corazon Aquino; Eight die in gun battle in Manila's financial district.

10.45 am: Mrs Aquino proclaimed president under a "people's resolution," takes oath and announces key appointments, including vice-president Salvador Laurel as Prime Minister-designate.

Noon: Mr Marcos takes oath as president and says he will overcome all obstacles; Shooting at TV transmitter blacks out ceremoney and leaves at least two dead. Crowds continue to gather outside presidential palace.

4.30 pm: Stone thrown at tension builds outside palace. Defections by loyalists continue. Rumours circulate that Mr Marcos may soon go.

9 pm: Helicopters spirit Mr Marcos and family to US Air Force base and into exile and 20 years of autocratic rule end.

OVERSEAS NEWS

THREAT TO 'CONFISCATE' GULF OIL

Iran attacks Iraq on second front

BY KATHLEEN EVANS IN KUWAIT

IRAN LAUNCHED a diversionary attack into northern Iraq yesterday and threatened to "confiscate" oil produced for Iraq by Saudi Arabia and Kuwait.

The second attack was seen as an effort to distract Iraqi troops from the fighting in the Faw peninsula. Iran said it had captured 25 Kurdish villages and had already reached Chwarta, near the Iraqi town of Sulaymaniyah, which was now within the range of Iranian guns, said Tehran officials.

Iran's Prime Minister, Mir Hussein Mousavi, in a speech to war volunteers in the capital, said that the attack was aimed at threatening Iraq's oilfields in Kirkuk and countering the "oil conspiracy"—Iran's terms for the increased oil output of the Gulf states as part of their strategy of regaining market share.

The current oil crisis is becoming an increasing source of friction between Iran and the Gulf states which support Iraq. The Iranian president, Mr Ali Khamenei, told Tehran radio yesterday that Iran might start "confiscating" oil produced for Iraq by other Gulf states.

This was a clear reference to the 250,000 barrels a day produced by Saudi Arabia and Kuwait from the neutral zone between the two countries. In addition the Kingdom supplies 60,000 b/d of Arabian Light.

At least four French nationals arrested in Tehran on Monday have been freed, but the fate of a fifth detainee was unclear, French embassy sources said yesterday, Reuter reports from Tehran.

The four were released before a march of 500 Iraqi refugees on the French embassy, which was blocked by truncheon-wielding police some 100 yeards from the embassy gate after a brief scuffle. Police said there were no arrests.

The Iraqis, shouting "Death to France, death to Mitterrand" and burning the French flag, were protesting at the expulsion from Paris to Baghdad of two Iraqi dissident students, and the arrest of others in France.

The French embassy attache, Mr Philippe Tissot, standing guard on an embassy roof, told Reuters he was arrested yesterday morning by the Komiteh, an Iranian special police force, and released at 2 am yesterday. He said he had been well treated.

Also freed were two engineers with the Alsthom heavy engineering company, Mr Jean-Pierre Descourt and Mr Jean-Pierre Boidot, and Mr Boidot's wife, Francoise. The fate of Mr Gilles Picot, an engineer with Cogelex, was unclear.

Such confiscations would be difficult to carry out without disrupting all tanker traffic from the Neutral Zone. Its crude is produced by the Arabian Oil Company, which is 60 per cent owned by Japanese trading companies and 40 per cent by the two governments.

The oil is loaded at a single-buoy mooring system offshore Kuwait, where both foreign as well as Kuwaiti tankers call. Even if Iranian forces were to hinder passage of any particular tanker, ships' documents would not provide any indication of financial arrangements. "Customers just pay the money into a bank account indicated by either Saudi Arabia or Kuwait," said one oil trader in the Gulf yesterday.

Iran has been stopping and searching ships for cargoes bound for Iraq for some time now. But two days ago, two Iranian helicopters buzzed a Kuwaiti naval vessel just 16 miles south of Kuwait City.

President Khamenei told Tehran radio: "Some countries admit they sell oil for Iraq. Everyone will accept that—should we make the decision some day—we can confiscate the oil sold for Iraq."

President Khamenei said that the increased oil production of the two countries was partly responsible for the collapse of world oil prices. "We should say that we will reply to a blow by a blow. This is a real war, and the oil war is not less than the war on the front," he said.

Saudi Arabia and Kuwait reviewed the oil assistance programme for Iraq just two weeks ago shortly after Iran launched its "Dawn Light" offensive in the Faw peninsula and decided to continue the arrangement whereby Iraq will one day, supposedly, repay the oil in kind.

Iran's attack in the northern sector of the Gulf war front came as Baghdad was claiming an imminent victory over Iranian forces in Faw. Iraqi officials remained silent on the subject of the northern attack, but said that Iranian forces in the south were fighting for time to prepare for a withdrawal from the southern town.

The attack in the north came as a surprise, for a second offensive by the Iranians had been expected in the Huweizah marshes area of Iraq facing the Iranian town of Susangerd. In recent weeks Iranian troops had been reported to be building up their forces there.

Defections spark crisis in Sabah

By Wong Sulong in Kuala Lumpur

THE TEN-MONTH Christian-dominated Government in the oil and timber rich Malaysia state of Sabah has been plunged into another crisis following the defection of six of its state assemblymen to the opposition.

The Sabah Chief Minister, Datuk Joseph Pairin Kitingan, cut short a visit to Kuala Lumpur for the rulers conference yesterday and flew back to Kota Kinabalu, the state capital, where he will chair an emergency meeting of the ruling Party Bersatu Sabah (PBS).

The defection of the six assemblymen could mean that the PBS could lose its majority in the state assembly. Reports from Kota Kinabalu said another four PBS assemblymen could also defect.

The resignation of the six would leave PBS with only 22 elected assemblymen compared with 20 from the opposition. In addition, the PBS has six nominated members

PBS swept to power last April on the votes of the Christian Kadazans and the Chinese, but its Administration has been virtually immobilised by a series of court suits

One of the legal suits is from the Moslem opposition leader, Tun Mustapha, challenging the legality of Datuk Pairin's chief ministership. The Sabah high court will deliver its judgment on April 5, and if the verdict is in favour of Tun Mustapha, he would have no difficulty in forming the new government


OUT
IN

UK NEWS

Murdoch backed over print union dispute

BY WALTER ELLIS

MR EDDY SHAH, chairman of News UK, which next week launches Today, a new national newspaper, yesterday supported Mr Rupert Murdoch in his dispute with the print unions over the new printing plant et Wapping, east London.

Mr Murdoch's company News International, has moved publication of The Times, The Sunday Times, The Sun and News of the World to the Wapping plant and to another new plant in Glasgow, Scotland. Over 5,000 print workers have been dismissed after *taking strike action* over the move.

"I think I would have had no alternative but to do what Mr Murdoch has done," Mr Shah told the annual conference of the Institute *of Directors* (IOD).

Mr Murdoch, he said, ran a business. It was a tragedy that 5,500 people had lost their jobs but they should not have followed their unions blindly.

"When you have been on the ground for six years being kicked by people and you then stand up and hit them on the nose and they complain 'Look what you've done to me,' then you have n right to feel aggrieved," he said.

British print unions, he said, had expressed satisfaction that they had at least held up the introduction of new technology for 15 years. This was a measure of their short-sightedness. In the Netherlands and the US, where change had been endorsed a decade earlier, many jobs had been created.

It was a shame that in the UK *unions had chosen to* protect an outdated industry instead of going with new technology. Newspapers that chose to use new technology had a tremendous future. "We can give television a run for its money for the first time in many years."

News UK, Mr Shah said, had already secured pre-launch advertising to a value of £9.4m and expected to meet its target of £10m within the week – all at rates 70 per cent below the Fleet Street (national newspaper) norm. That was proof of the value of new technology.

News UK employees, he said, enjoyed share participation, private *health care and uniform holiday* entitlement with executives. New technology had opened up and simplified relationships between employers and their staff.

Mr Shah: Advocate of new technology

Sir John Hoskyns, IOD director, told the conference that Britain could not afford to wait until there *was trouble* at Westland, the UK helicopter company, before starting to think about whether defence contractors were different from ordinary businesses.

Nor was it a good idee to wait until potential overseas buyers showed an interest in BL, the state-owned vehicles group, before a public debate was joined on the pros and cons of a British car or truck industry.

"It is silly", Sir John said, "for dissenting ministers to tease the commentators with coded messages. We are talking about the future of this country, not some amusing party games."

The Cabinet had to think problems through, he said, but after six years in power the present Government had scarcely started.

"The danger is that a failure to achieve consensus in Cabinet could cause the whole attempt to break out of our post-war decline to be abandoned," he said.

● *Management* at the Financial Times is asking clerical workers in the newspaper to sign a strike-free deal. The move is thought to be the first time an established national newspaper has taken such a step with any of its employees, Philip *Bassett writes.*

The FT's proposals are a further indication of the changes in traditional working practices now sweeping through Fleet Street.

Four sites named for N-waste disposal

By David Fishlock and Kevin Brown

THE GOVERNMENT has named four potential sites for nuclear waste disposal. *Mr Kenneth Baker*, Environment Secretary, told the House of Commons yesterday that the nuclear industry wanted to explore the sites in more detail before selecting one.

The Government, he said, intended to lay a special development order before the Commons in April, permitting the industry to make test drillings at the four sites.

Mr Baker assured MPs that, should the industry decide that a site was suitable, he would call in its plans for e public inquiry. He hoped that the inquiry would begin in 1988.

The prospective sites are at Bradwell, Essex, at the site of a Central Electricity Generating Board (CEGB) nuclear station; at Elstow, Bedfordshire, on another CEGB site; at Fulbeck, Lincolnshire, on a disused Ministry of Defence airfield; and at Killingholme, Humberside, on another CEGB site.

Mr John Wakeham, the Government *Chief Whip (parliamentary party manager)*, whose constituency includes Bradwell, last night strongly opposed the inclusion of Bradwell. He stressed his support for the Government's nuclear policy, but said his constituents would want to know why so restricted a list of sites had been drawn up.

There were also angry protests from other Conservative MPs from Essex, Lincolnshire and Humberside. Mr Michael Brown, whose constituency includes Killingholme, said there was no geological justification for its inclusion. *The site had been* shortlisted simply because it happened to be in public ownership.

Mr Baker told the Commons that he believed public anxieties about the danger of nuclear wastes were "out of all proportion to the nature of the problems posed by disposal."

He said there was "no technical difficulty whatsoever" in handling the wastes which would go into the repository, which was expected to cost about £100m to build and a similar sum to maintain while it was being filled.

The wastes were all solids. Most of the low-level waste was clothing and other materials which had become radioactively contaminated while being worn or used by people.

"It doesn't need any shielding, and is no more radioactive than many everyday things like luminous clocks and telephones, or some garden fertilisers," Mr Baker said.

The Environment Department had been told by its radioactive waste management advisory committee that the nuclear industry's plans for a repository were a much safer way of dealing with radioactive wastes than current storage practices.

National Institute Quarterly Review

Output likely to grow by under 2%

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE PACE nf growth in Britain has slackened and output is likely to grow by less than 2 per cent this year and next, the National Institute of Economic and Social Research says.

Its quarterly Economic Review says that the sharp fall in the oil price since last autumn has improved slightly the prospects for higher output. The loss of income from oil exports will be borne mostly by oil companies and the Government, leaving domestic demand little affected and an improved outlook for exports.

Relatively sluggish investment and the delayed impact of last year's rise in sterling, however, are likely to be reflected in a real *growth rate this year of 1.8 per cent*, down from 3.5 per cent in 1985.

For 1987 the prospects for the non-oil sectors of the economy are little changed, but lower oil production may push the pace of overall growth down to 1.4 per cent. The institute says that on the basis of the public borrowing target for 1986-87 in the Treasury's medium-term financial strategy there is no room for any tax cuts in the March 18 budget and in theory could be e requirement for increases.

It adds, however, that the Government should be prepared to loosen its fiscal policy to take account of lower oil revenues.

The main constraint on such action would be an additional weakening in the current account of the balance of payments, but after six years of surplus that would not be an immediate cause for concern, the *institute* says.

It argues against any move to finance cuts in income tax through higher excise duties on petrol, which it says would leave the level of demand in the economy almost unchanged while raising the inflation rate.

On unchanged policies, the review predicts that the current account will remain just in surplus this year, before moving into a deficit of £1.9bn in 1987. It remains pessimistic over the outlook for unemployment, suggesting that the number of adult jobless will remain at well over 3m this year before edging down only fractionally to 2.9m in 1987.

It is more optimistic, however, on the prospects for inflation. The increases in import prices resulting from the fall in sterling's value since the beginning of this year *should* be *offset by lower oil prices.*

Retail price inflation, currently running et an annual 5.5 per cent, could hit a low point of below 4 per cent in the middle of the year before edging up fractionally in the fourth quarter. The institute says that the fall in the exchange rate was an appropriate and almost inevitable result of lower oil prices.

It does not follow, however, that the Government should be prepared to leave the extent and timing of such adjustments to the financial markets. "A more systematic targeting of the exchange rate by the authorities, perhaps with the exchange rate mechanism of the European Monetary System, might give greater stability and reduce the risk of speculative overshooting", the Review says.

In its detailed analysis of the prospects for the economy the institute says that consumer demand will strengthen this year because of the boost to real incomes provided by lower inflation.

Oil price fall a stimulant to world trade

THE STEEP fall in the oil price will result in a major transfer of wealth to industrialised countries which should result in a quickening of the pace of economic growth next year.

***At the same time, cheaper oil will put further downward pressure on inflation and provide a* boost to world trade. The annual rate of increase in consumer prices across the world economy should fall to 3.6 per cent this year, *from* 4.8 per cent in 1985.**

Japan and West Germany will be among the main beneficiaries of lower oil prices and the D-Mark and yen are expected to continue to appreciate against the dollar.

The implication is that for the *immediate future the imbalances* in the three countries' trade balances will worsen as West Germany and Japan benefit from *improved terms of trade*. By 1987, however, the US *share of world* exports should begin to rise as a result of its improved competitiveness, while those of Japan and West Germany are forecast to fall.

World trade should rise by around 5 per cent in 1986 and by a little more in 1987, compared to growth of around 3.5 per cent last year.

SUMMARY OF FORECASTS

	UK ECONOMY						WORLD ECONOMY		
	Real GDP* (% change year on year)	Manufacturing (% change year on year)	Unemployment (million; Q4)	Retail price index (% change Q4 on Q4)	Current balance (£bn)	PSBR (£bn fiscal year)	Real GDP (£bn fiscal year)	Consumer prices (OECD; % change year on year)	World trade volume (% change year on year)
1984	3.0	3.9	3.10	4.8	1.1	10.1	4.6	5.3	8
1985	3.5	2.9	3.17	5.5	3.5	8.5	2.8	4.8	3.5
1986	1.8	1.2	3.08	4.0	0.2	9.3	2.9	3.6	5
1987	1.4	1.0	2.91	4.5	–1.9	12.1	3.2	3.5	5.5

* Output measure

Tax cuts may have 'paltry' benefit on jobs

DIRECT GOVERNMENT action to stimulate the economy could bring a significant reduction in unemployment, perhaps by as much as 1m *over four years*, the National Institute says.

In a series of studies of the options to the Government'a present economic strategy, the institute adds, however, that the impact of a fiscal expansion *on output*, jobs and prices would depend crucially on how it was applied.

It suggests that measures to reduce industry's employment costs through a sharp reduction in, or abolition of, employers' national insurance contributions would be the most effective way of channelling extra demand into more jobs.

The sharp fall in manufacturing *employment* between 1979 and 1981 hinged crucially on the slump in both actual output and on expectations that the recession would last rather than on the pace of pay increases.

Job losses or gains in the *manufacturing* sector have an almost one-for-one effect on registered unemployment, while jobs losses or gains in other sectors have a much smaller impact because of the profileration of part-time jobs.

The institute's simulations on its model of the British economy indicate that a fiscal expansion through the tax cuts favoured by the Treasury *would* have only a "paltry effect on registered unemployment." A high proportion of the extra cash injected into the economy through lower taxation tends to leak into imports or is saved.

An illustrative projection of the effect of a £3.5bn reduction in income tax points to a reduction of only 34,000 in the official unemployment total after one year, rising to just 74,000 after five years.

"No target approaching 1m off the register could be approached by this means. On the contrary, it might be helpful to raise income tax in order to finance more effective fiscal measures," the institute says.

Labour risks damage in action on Militant

BY MARGARET VAN HATTEM

LABOUR's national executive committee today returns once again to the dilemma posed by the Militant Tendency, the extreme left-wing group. It is a dilemma of presentation, but none the less important for that.

If, as the team investigating Militant's activities in Liverpool is recommending, the NEC dissolves and rebuilds the Liverpool party and opens procedures likely to lead to about 10 expulsions, it risks reviving the internal squabbling of the past. If it fails to eject the leading Militant members from the party, it risks being regarded by voters as being in the grip of extremism.

Either way, the party's image *risks being damaged too close* to the next general election for comfort. The party leaders appear to have judged that the gains in public standing to be made from the expulsion of the Militant leaders far outweigh the *losses that will result* from the subsequent left-right clashes.

But their judgment, again, appears based entirely on criteria of perception and presentation – so this is where Militant's biggest impact has always been. The Militant Tendency is a rigid Trotskyist faction, a relic of the revolutionary Socialist League of the 1940s, which for years operated on the fringes of the Socialist movement, particularly in Liverpool.

Once described by a left-winger as "the Mormons of the Labour Party – decent enough, but a bid odd," they are regarded on the far left as harmless flat earthers, with an uncomprehending devotion to the writings of Trotsky; on the right they are seen as dangerous revolutionaries.

Militants might have been quietly building within the Liverpool party for many years. However, the successes of a small group in taking the lead of the City Council and pushing it to the financial brink seem to have proved self-defeating. The three best-known of the Liverpool Militants – among them Mr Derek Hatton, the Liverpool Council leader are all on the list for candidates for expulsion.

Registration plan for insurance sales

BY ERIC SHORT

THE MARKETING of Investments Board Organising Committee (Miboc), which handles the marketing of investments of investor protection, yesterday published revised proposals to operate a system of registration for life assurance and unit trusts salesmen.

They represent a modification of Miboc's proposals made last August for a licensing system for salesmen, taking into account the Financial Services Bill and the responses to the earlier proposal.

Miboc originally proposed a full licence with two examinations before a person could qualify to sell life assurance without supervision.

The Financial Services Bill envisages that it will be the resonsibility of the company as a condition of being authorised to transact investment business, to ensure that employees are properly recruited, trained and supervised.

The bill would also make the employer responsible for the employees' actions, and if they misbehaved, it would normally be the firm that would be subject to disciplinary action by the supervisory board or the *Self Regulatory Organisation* (SRO) envisaged in the bill.

However, Miboc's view has been that for life assurance and unit trusts sales it is necessary to regulate individuals as well as companies. Its chairman, Mr Mark Weinberg, has pointed out that the numbers involved make disciplining of firms impossible.

About 15,000 firms are involved in marketing life assurance, many of them sole traders or small partnerships, covering 100,000 full-time salesmen and a similar number of part-time salesmen.

Mr Weinberg said it would take time for the board or the SRO to check the competence levels laid down by each company for its employees.

The proposals' main aim is to ensure a minimum level of competence of salesmen and to ensure that salesmen are honest in their dealings with the public.

The proposals would operate as follows:

- An authorised business would not be able to permit an employee to sell or advise on life assurance or unit trusts unless that person was registered with the board.
- Only persons meeting the standards of competence and whose employers were satisfied with their standard of probity would be eligible for registration.
- The board would set a common minimum standard with a test of competence to ensure a minimum level of financial and investment knowledge. It would be prepared to accept *outside* tests of equivalent standard.

A comprehensive central register of salesmen would be maintained to enable employers to obtain an authoritative record of an individual'a employment history as a life assurance and unit trust salesmen.

These proposals would apply to all salesmen. Those selling for at least six months prior to the proposals *coming into force* will have three years in which to pass the competence test.

Employees with less than six months selling experience will have to cease selling until they pass the test and become registered.

Mr Weinberg stated that Miboc's proposals had two objectives. It would ensure that no-one could sell or advise on life assurance without showing a minimum level of expertise. It would also stop the use of untrained persons learning life assurance by trial and error, and using part-time and moonlighting salesmen.

He asserted that the system would not involve heavy costs of operation. On the direct costs of registration, Miboc envisaged a £20 initial cost of registering an employee with a £10 annual fee. The cost of taking the test would be a further £10.

Montefibre to shut N. Ireland plant

MONTEFIBRE, one of Europe's *largest producers of man-made fibres*, is planning to close its Coleraine plant in Northern Ireland with the loss of 250 jobs, Lisa Wood writes.

Montefibre UK is facing shrinking world markets for its products. It is one of the largest employers in Coleraine where the unemployment rate is 27 per cent. The Northern Ireland Office has appealed to the *company to find other products* that could save the jobs.

The company is a subsidiary of Montedison, the Italian chemicals group, which acquired the Coleraine plant and another in West Germany in 1983 when it bought the European acrylic fibre plants of Monsanto. Montefibre, which sold the West German plant to Bayer, at present has three other acrylic fibre plants in Italy and Spain.

The proposed closure in Ulster will reduce Montefibre's annual acrylic capacity by about 25,000 tonnes to about 150,000 tonnes a year.

□ **TOYOTA** intends to fill what it sees as "a yawning gap" in the UK van market with vehicles which can carry about twice as much as car-derived vans but have the compact exterior dimensions which make them easy to manoeuvre and park.

The vans, with a carrying capacity of about 900 kg or 1,984 lbs, should mainly attract small traders such as jobbing builders and shopkeepers. *Toyota GB, the Inchcape* group subsidiary which imports vehicles from Japan's largest producer, today launches its LiteAce van *into this sector* at £5,026 plus VAT.

□ **BULLION** dealer Mr Harvey Michael Ross has disappeared from his office in Leeds, Yorkshire, and is being sought by police. Fraud squad officers said that they were acting on complaints by investors in Mr Ross's gold, *platinum and silver* trading business.

□ **TOWNSEND THORESEN**, the cross-Channel ferry operator, will spend £10m at a Dutch yard to convert two freight vessels for luxury passenger use between Felixstowe and the Belgian port of Zeebrugge. The work will be carried out by the Wilton-Fijenoord yard at Schiedam in Rotterdam.

□ ***MR NEIL KINNOCK***, the Labour leader, is backing a campaign to save Bates colliery, Northumberland, which is expected to close on Friday despite a call by an independent review body to keep it open for social reasons.

□ **THORN EMI FERGUSON**, the television and video recorder manufacturer, will be moving into the satellite reception equipment market next month.

The company's market research suggests that up to 30,000 of the dishes, which can receive more than 18 new channels of television from existing satellites, are likely to be bought in the UK in the next two years. Ferguson is the largest UK company so far to move into the satellite reception market.

Dim prospects seen over Star Wars

BY PETER MARSH

British companies can expect Star Wars contracts worth no more than about $60m over the five-year span of the programme, according to Mr John Pike, a US space expert who has conducted a study of the Strategic Defence Initiative.

Mr Pike, who is associate director for space policy at the Federation of American Scientists, said at a conference on Star Wars in London yesterday, organised by the Greater London Council, that non-US companies working on the programme would probably receive a total of $360m, or roughly 1 per cent oi the sum allocated to the project.

The cash would be shared by enterprises in several countries, including West Germany, Italy, France and Israel.

Mr Pike has identified several barriers to companies outside the US obtaining significant contracts, including their limited capability to build the intricate systems required for Star Wars and Pentagon rules over transfer of technology to overseas concerns.

***Mr Denis Healey, the UK Labour Party's* spokesman on foreign affairs, said at the convetence that any Star Wars contracts gained by British companies would divert engineers away from work on commercial projects.**

He called on the Defence Ministry to publish the secret agreement between the US and the UK on Star Wars. He said this would not jeopardise either national security or companies' commercial prospects.

MANY of the British high-technology *companies keen to take part* in the US Strategic Defence Initiative (Star Wars) doubt that they will be in a position to win significant contracts under the programme, even after the project has moved further into the procurement stage in one or two years' time.

While the $26bn (£18bn) project has created wide interest in UK industry – more than 100 companies attended a classified briefing on the subject organised last week by the Ministry of Defence – many concerns have expressed scepticism about obtaining anything more than small research and development contracts.

Some companies – particularly the smaller ones – are worried that they will fail to gain timely access to information on specific projects and that, unless UK enterprises have unique technologies, they will be squeezed out by US defence concerns which have already won Star Wars contracts worth n total of some $5bn.

These conclusions emerge from *an informal* poll of *managers from* 25 companies that have declared an interest in gaining Star Wars work. Of these, only seven said they were optimistic about winning large contracts – valued at a few million pounds or more – *in the later stages* of the project. The rest expressed either uncertainty or scepticism.

The managers, many of whom attended last week's classified briefing, include representatives from a wide section of Britain's technology-based industry, including defence, energy storage, electronics, structural materials, computers and chemicals.

Such industries could be important in providing components for the goal of the SDI project – a shield to defend the West from nuclear attack by shooting down missiles with space-based gadgetry such as laser guns.

Last December Britain became the first country to agree terms with the US on joining the Star Wars programme. It is expected that UK concerns are likely to win small research contracts worth n total of about £5m over the next year.

These contracts could cover areas such as materials useful for space mirrors and platforms or infra-red sensors, and the design or "architecture" of an anti-missile system to cover Western Europe.

The first sign of significant contracts would come only after one to two years, after which this work could be scaled up to production contracts.

The caution from UK industrialists about whether they will gain such contracts contrasts with the more upbeat assessment of Lt Gen James Abrahamson, director of the US Defence Department's SDI Organisation. He said last week that British concerns would obtain Star Wars *work worth "hundreds of millions of dollars"* over the life of the programme.

Last summer, the UK Government failed in a bid to obtain a Pentagon guarantee providing £1bn of Star Wars work for Britain.

"We are very enthusiastic about talking part in the SDI but see difficulties in getting to the stage of winning hard contracts," said Mr John Ranson, a manager at Pilkington PE, which produces specialist materials.

Logica, a computer company, hopes to be part of a team of about 10 UK concerns working on the European architecture study. "If we don't get into these kind of studies now we will miss out later on," said Dr Chris Dain, deputy managing director of the company's space and defence systems group.

Other industrialists said they saw opportunities in "niche" areas – such as battle management software, an area in which Britain is *strong – but that these would be* relatively few. "I see no dazzling opportunities unless you have an area of expertise that the Americans want and don't have," said Mr Andrew Mathew, a partner in Rex, Thompson, *a defence software* company.

The managing director of a small Yorkshire-based electronics company which specialises in defence components said he was afraid that by bidding for study contracts he would be "ripped off" through big US concerns taking the results and using them in volume production. The managing director – who did not want *to be named – has decided* against trying to take part in the programme.

"There must be some concern about how evenly the work load is going to be spread," said Mr Angus Fraser, managing director of Chloride's industrial batteries group, whose products could power Star Wars space platforms. "The race for contracts is always going to be led by Americans."

Many British companies have followed the lead of the Defence Ministry, which has drawn up a list of 18 technical areas to which UK concerns have expertise relevant to Star Wars. Star Wars "clubs" with a chairman from a specific company, have been formed for each technology.

For example, the club for *advanced structural materials is led* by Dr Martin Lowson, new products manager at Westland, the troubled helicopter manufacturer in which United Technologies, a leading US defence contractor, recently *acquired a minority stake.*

Dr Lowson is co-ordinating the bids to gain Star Wars materials contracts of several companies, including Pilkington, GEC, Dunlop, British Aerospace and Rolls-Royce.

Although there is general praise for the way in which Defence Ministry civil servants have tried to help UK companies in their Star Wars efforts, some enterprises say *that dividing* Britain's technical effort into the 18 areas is not helpful.

It is difficult to match these areas with the structure of the Pentagon's SDI Organisation, which is split into five main directorates each concerned not with specific technologies but with the functions of a proposed missile defence.

"The chief difficulty is in presen*ting our case in the most* appropriate way," said Dr Brian Wilson, chief scientist at Plessey'a research centre in Caswell, Northamptonshire.

"The bureaucracy between companies and any contracts remains fairly difficult. One begins to wonder if it is all worth the effort," he said.

Other companies are more opti*mistic and say that* by pressing ahead with the *study* contracts they will be in a good position to win business later. GEC Avionics, which specialises in sensors and electron*ics materials*, has for the past year employed six people full-time on investigating SDI contracts.

Professor John Shepherd, technical director, said he hoped to win significant contracts at a later stage of the programme. "There will be one or two areas where we hope our ability will pay off. You cannot expect to walk in now and win large sums of money."

Mr Michael Thom, chairman of Systems Designers Scientific, a leading defence software consultancy, is also optimistic. With CAP, another software concern, he thinks his company will soon gain a small Star Wars study contract, which *could lead to more work in a year or* so.

The initial contract would be a report for the Pentagon on the capabilities of British computer companies to write big, fault-tolerant programs of the kind needed for an operational anti-missile defence.

"We are looking for a contract worth something over £1m over the next few years," said Mr Thom. "There must be plenty of work for a company like ours as long as we meet the Pentagon'a various rules and make a big effort."

Other UK companies which are attempting to pursue Star Wars work include Johnson Matthey, British Aerospace, Dowty, ICI, ICL, Cossor and Ferranti.

TECHNOLOGY

Through a radical change in design policy Hewlett-Packard hopes for better value from development spending, reports Louise Kehoe

Building in benefits right across the range

CONSIDERING the dazzling speed of change in their industry, computer manufacturers can be remarkably conservative about some aspects of their business. Above all, most have long tended to be cautious about altering the architecture, or set of basic designs, at the heart of their machines.

However, Hewlett-Packard (HP) of the US has broken boldly with tradition by announcing that it is switching over to a radically new type of architecture which will be used as the basis for virtually its entire product range in future.

The new architecture, which is intended to make HP computers more powerful, more reliable and less expensive, is critical to the future of the company, more than half of whose $6bn turnover last year came from computers.

The programme to develop the new architecture is the biggest in the company's history. It was started five years ago and is believed to have cost more than $100m, though HP will not disclose exact figures.

Yesterday, HP unveiled the programme's first fruits: two high-performance minicomputers incorporating the new architecture, which is code-named Spectrum.

They are intended as the top end of the company's HP 3000 product line, which is widely used for office automation. They are, respectively, two and three times more powerful than the models they replace.

Two further powerful Spectrum-based machines—an engineering and technical minicomputer, part of the company's HP 9000 line, and a computer-integrated manufacturing system — are due to follow around the middle of this year.

In the next few years the company aims to make Spectrum, recently renamed HP Precision Architecture, standard throughout its product range, from workstations to large minicomputers as powerful as small mainframa machines. The only exceptions will be its personal computers.

The new architecture is based on a concept known as the Reduced Instruction Set Computer (RISC), which enables data to be processed much faster by designing computers which need fewer and simpler instructions to perform a set of tasks.

RISC was pioneered in the early 1970s by International Business Machines. But until now, it has been used only on one IBM model, an engineering workstation launched last month, and by a handful of other smaller, specialised manufacturers.

HP is staking its strategy on the hope that, by becoming the first company to apply RISC to general - purpose commercial machines, it can gain a valuable lead over competitors, including heavyweights such as IBM and Digital Equipment and a host of smaller rivals.

"When you find yourself competing against world class gorillas you cannot be a passive big game hunter," says Mr Richard Alberding, HP's executive vice president of maketing. "You have to build an egressiva inventory of weapons and use them."

HP says that its Spectrum-based computer will offer substantially better performance at lower prices than comparable products available from other manufacturers. For example, it plans to sell a machine able to process 4.5m instructions per second (mips) for $225,000, against $400,000 for IBM and Digital Equipment models with equal power.

Moreover, HP says that programs designed for use on its existing minicomputers will also run on tha new machines—a crucially important factor for customers, whose investments in software are often worth many times the value of their computers. HP has achieved this by "emulating" older computer designs on its new machines.

The new approach is intended to yield benefits for the company, too. By standardising the architecture of its computers, HP expects to be abla to apply the results of future research and development spending across its product range, instead of having to divide its efforts between the three main types of architecture it uses today.

"That has been one of the major appeals of tha Spectrum programme," according to Mr Dean Morton, HP's chief operating officer. "Essentially all our computer development resources for the future will be going in the direction of the Spectrum architecture."

However, that does not mean that all HP's computers will be similar. "We don't want a vanilla ice cream approach," says Mr Alberding. Instead, different "flavours" will be created by using various operating systems and hardware configurations.

HP plans to offer products known as "co-processors," chip sets which can be attached to its computers to equip them specially to do particular tasks. In future such products are expected to include a graphics processor and a "floating point" processor designed to handle large numerical computations.

The basic architecture can be implemented in a variety of different semiconductor technologies. The first spectrum model, the Series 930, uses a well-tried technology known as transistor-transistor logic.

In the second half of next year, HP will launch a machine using the company's own NMOS technology, developed five years ago. Eventually, the Spectrum design will be reduced to a very large scale integrated (VLSI) chips.

First fruits of Hewlett-Packard's new computer architecture programme, the HP3000 Series 930 launched yesterday.

Best way forward is found in a return to basics

"WE ARE returning to simpler times. Computer architecture is becoming practical again," is how Mr Michael Mahon, manager of Hewlett-Packard'a systems architecture laboratory and an original member of the Spectrum programme team sums up its achievement.

During the past 20 years, he argues, conventional architectures have lagged behind advances in technology. But Spectrum, by taking full advantage of innovations such as high-speed integrated circuits, is claimed to make computers faster, more efficient, more reliable and easier to design and build.

The programme team, based at HP's research centre in Palo Alto, California, set out on its mission by analysing the inner workings of existing computers, an area about which surprisingly little is understood. "In the past, most computer architectures have been directed by taste and judgment—not by data," says Mr Mahon.

By analysing the functions of a computer cycle by cycle, HP scientists confirmed earlier research suggesting that computers actually use only a small number of their instructions, about 20 per cent, for 80 per cent of the time.

This is largely a result of the technical constraints imposed on earlier computer designers, who had to find clever ways to get round tha limitations of the components used to build the machines.

The development of the transistor and the integrated circuit in the early 1960s radically changed some aspects of computer technology. But while these devices speeded up the logic circuits used to process data, designers still had to contend with the ferrite core memories then used to store data, which operated much more slowly.

In an effort to solve this problem, designers developed complex instructions, the purpose of which was to minimise the computer's need to gain access to the memories.

Since then, of course, semiconductor technology has also been applied to memories, enabling them to work much faster. But instructions, written in a series of hieroglyphs called microcode and embedded in computers by their designers, have continued to multiply.

In effect, RISC architecture turns the clock back by reducing the number and complexity of instructions.

Mr Mahon describes the difference by comparing instructions to the keys on electronic calculators. All such machines have basic keys to add, subtract, multiply and divide. But most do not stop there: they also have keys to calculate percentages and square roots and for other special functions.

The RISC computer is like a basic calculator, while conventional computers are like more complicated models. In a RISC machine, the architecture contains no extensive coded instructions in microcode.

"Over a broad range of applications and technologies, RISC architecture is seven to 12 times faster than a conventional machine," says Mr Mahon.

"That is incredible, that is an engineering imperative — something you have to do. That is why I believe there is no resisting RISC. Eventually, everyone will come round to it."

Surge in Japanese research spending

JAPANESE innovation will increase markedly over the next few years according to Dataquest, the market research firm.

Between 1984 and 1988, at least 76 basic research laboratories will be opened by the country's electronics industry, on which $1.9bn to $2.5bn will be spent according to Dataquest.

Most leading edge technologies will be investigated, from very large scale integration for computer "chips" to expert systems which attempt to encapsulate segments of human expertise in a computer system. The Japanese are also likely to attack computer aided design, which they have barely tackled so far.

Dataquest's Japan industry specialist, Mr Sheridan Tatsuno, decries the persistent Western belief that the Japanese are good imitators but poor inventors.

He says that although for many years Japanese industry has been strong in manufacturing but weak in innovative research, "this situation is changing rapidly." He thinks that to remain internationally competitive, western companies must continue investing heavily in R & D and improve their manufacturing abilities at the same time.

BRITISH "TECNOFEAR," which some believe is traceable to the educational system, could benefit from a new move by the Institution of Electrical Engineers to bring its members into much more contact with schoolchildren via "Project Uncle."

At the request of schools, the IEE's "Uncle" will make engineering contacts and skills available. Professional engineers will work in the classroom under the guidance of regular teachers, putting their industrial and commercial experience at the disposal of the pupils.

At the same time, it is hoped that links with industry will be formed, helping those within it to understand what is going on in education. The IEE is on 0462 53331.

COMPUTER-AIDED design and manufacturing assistance is available from the newly formed CAD-CAM Data Exchange Technical Centre operated by University of Leeds Industrial Services (0532 429506). The emphasis will be on easier interchange of CAD-CAM data between different makes of system.

Forty-four companies, the Department of Trade and Industry and the National Economic Development Office are funding the unit, the overall object of which is to improve the competitiveness of UK industry through better use of computing in design and manufacturing.

WORTH WATCHING

EDITED BY GEOFF CHARLISH

BBC CEEFAX, the on-screen text and number information service provided free to viewers with suitable TV sets, has been speeded up.

The data, broadcast sequentially frame by frame, is now transmitted on six TV picture lines instead of four (out of sight at the top of the picture). Special circuits in the TV set decode the digital data and display it on demand when the viewer keys instructions on his pad. With the new, higher data rate, viewers will have a shorter wait for the requested frame to appear.

COACH TRAVEL might become more acceptable to those who would rather not be forced to hear the sound track of a video they have already decided they would rather not watch.

Vartek, a Tewkesbury, Gloucestershire electronics company, already has orders worth over £0.25m from the National Bus company and others for a cordless headset system that distributes the video sound from a low power radio transmitter in the coach.

There are no wires, making both installation and maintenance cheap and simple. Passengers can move from seat to seat unimpeded. Called Silent Sound, the system costs about £3,750 for a 59 seater coach. More on 0684 296770.

STRAWBERRY LIFE on the shelf can be extended to seven days using an improved version of "modified atmosphere packaging" developed by Keyes UK of Cobham, Surrey (09326 6811).

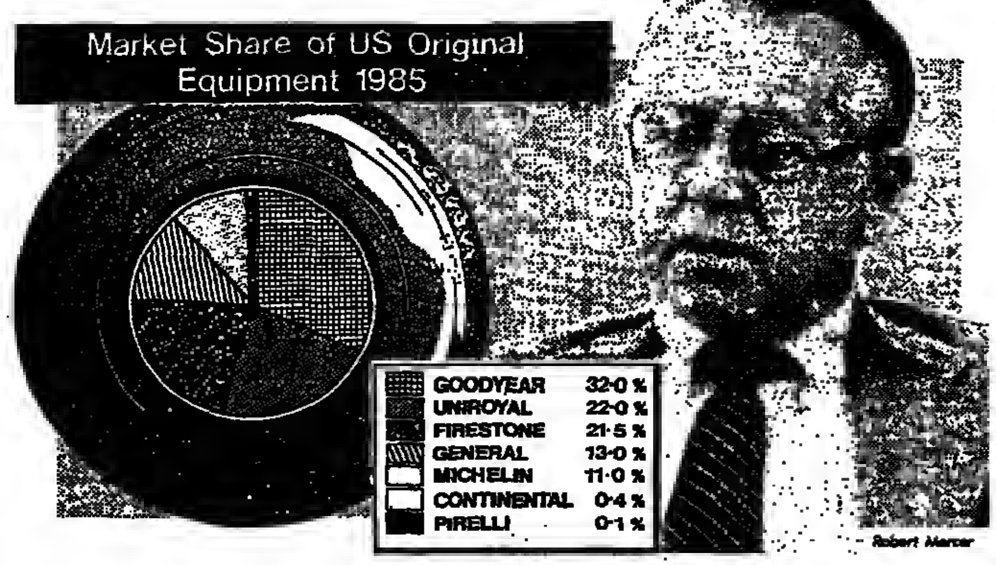
Normally, this technique is confined to retail packs of fruit and vegetables that do not "breathe heavily" and where low permeability films like polystyrene and PVC work well, allowing sufficient exchange of gases in and out of the pack.

But high respiratory, and therefore highly perishable products like beansprouts, mushrooms and soft fruit, are different. While ripening they absorb oxygen and emit carbon dioxide to an extent that causes rotting and tainting inside the pack.

For these, Keyes is offering a specially coated, moulded pulp fibre container with a highly permeable lid produced by Bunzie Flexpack. There is a good two way flow of gases and water vapour, maintaining high oxygen content in the pack, preventing deterioration and retarding ripening if the storage temperature is kept under 5 deg C.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Robert Mercer

Goodyear steers a global course

Terry Dodsworth on the US tyre group's research-based strategy

"I BELIEVE," says Robert Mercer, chairman of Goodyear, "that there is going to be a shake-out in the tyre industry. Those companies that are not willing to put up front money into research and development will not survive as a major factor in the industry."

As heed of the biggest tyre company in the world, Mercer's sentimeots are not altogether surprising. Over the last decade or so, Goodyear has been picking up market share steedily in the US as the industry has gone through e streamlining process that has caused a great deal of pain to many of the company's traditional rivals. Mercer, brusquely impatient with the current Washington fad in favour of small business, regards this as a natural use of the market *muscle* of a large corporation. The US's success as an industrial natioo depends, he says, on its ability to bring substantial resources to bear on the development of new products while investing in the very latest manufacturing processes.

So far so good and predictable. But Goodyear differs from many of the mature corporations of the American beartland by carrying the analysis a step further. The streamlining of the industry is not just an American issue, he says. "The world has opened up. We consider ourselves to be e global company now, not a multinational corporation, and that has implications for how yon plan your product line and how broad your technical base bas to be."

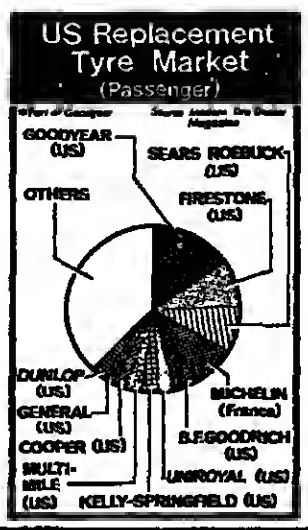
Mercer is deeply critical of the large US corporations that have failed to make this conceptual switch and have stuck too long to an egocentric American view of the world. The steel companies, he says, are a particular case in point. By failing to invest et the right time, their costs were allowed to rocket while their technological base was eroding — comments that are rooted in experience. When Goodyear wanted to buy steel pipe for its planned transcontinental oil pipeline from the Californian coast, it had *to go overseas to* find it.

Goodyear's own "globalisation" process began in the early 1970s. At thet time, the notion of designing products for a single world market was in its infancy, and it did not ettract universal support within the group. The coming of the radial tyre *was the big test.* Since the Detroit car manufacturers had not demanded radials, and the suspension systems of most American cars could not accommodate them, many people in the company did not think there was any need for them.

"Chuck Pilliod our chairman at that time, who had grown up in the ioternational division saw that the *radial* tyre would migrate to the US," says Mercer. "He said we were going to heve one because one day it would be here, and the day someone started asking for *it, it would be too late* to *start* developing it. He had the foresight and the vision and the dogged determination to pull the thing off."

Since then, *Goodyear has* applied itself in ernest to the tricky task of co-ordinating product development across a variety of markets. The target, *as Mercer puts it, is* to adapt to "a Uulted Nations of suspensions," planning tyre innovations so that even if the prodncts are not entirely the same *in each country* there will be an eppropriate Goodyear design to match any vehicle.

This approach has become even more important as car exports *criss-cross* the globe. Tyre manufacturers wanting to pick up replacement sales cannot afford to keep vast inventories to satisfy every quirk or taste. The key, *says Mercer, is* "to find the common features in the requirements of different models and develop a tyre that will service both."



To make the readjustments, Goodyear has reorganised its research and development unit into two technical teams, one in the US, and the other in London. Soon there will be a *third in the Far East.* Executives are moved back and forth between the two to keep in touch with the latest developments. "We had to stamp out the 'not invented here' syndrome," says Mercer.

Goodyear's global market concept has also pushed it into the vanguard of the change in manufacturing thinking that is cooqnering more and more of basic US industry. The company has moved towards a much more participative style in its factories, shedding several layers of supervisory and middle management — about 33 per cent of its management personnel has been eliminated in 10 years — and has tried to improve quality by bringing the workforce more directly into production line decision making.

"Society has changed," says Stan Mihelick, executive vice president *for* production, "Workmen today are more educated than in the past, so they are more flexible and receptive to new ideas."

These initiatives in manufacturing have gone hand-in-hand with heavy investment in the latest technology. Goodyear, borrowing from Michelin, which guards its technology so tightly that few executives have a complete view of all its manufacturing processes, will not say very much about the system that it is installing in its latest plants but the new machinery, much of it made by Goodyear itself, is clearly highly automated and has required big changes from the company workforce which, in the case of some of the latest investmeots, has agreed new, more flexible *work rules and some wage and* benefit concessions.

"Some processes have changed entirely," says Stanley Somo, the United Rubber Workers' *Union co-ordinator* at Goodyear. "If you were in the industry 15 years ago and you went into a plant today, you would be very confused."

*The aim of the new invest*ment, says Mercer, is to echieve product uniformity and lower costs. Both of these objectives are ways of undercutting the *advantages flowing from* the lower labour costs of overseas competitors — South Korean wages, for example, are reckooed to be about one-tenth of those carried by the US tyre manufacturers. As investment goes np and the labour cootent in a tyre goes down, wage rates ought to be less of a determinant of the success of the product and the design and quality—or uniformity—become more important. "Korean tyres are overweight and they have twice as many components as ours have," says Mercer.

Goodyear knows, however, that the threat from the Far East will not go away. Despite increasing its market share worldwide over the last few years, it believes that its position has slipped in parts of Asia. This explains the decision to invest in a technical centre on the doorstep of the Japanese and Sonth Korean manufacturers "to see what they are doing."

In the immediate future, Mercer believes that the shakeont will increasingly focus attentioo oo three leading worldwide manufacturers — Goodyear itself, which currently holds around 22 per cent of the world market, Michelin (13 per ceot) and Bridgestooe (8 per cent). Of the two competitors, be edmires Michelin for its product innovation, bnt he clearly believes that Bridgestone bas learned the lessons of the global market place more thoroughly.

He cites the example of the Goodyear all-season tyre, which was introduced in 1970, bnt was ignored by Michelin for seven years, despite its success. "The Japanese immediately jumped on it, and that is the significant difference between Bridgestone and Michelin, in my opinion," he says. "If Michelin did not invent it, it does not exist, whereas Bridgestone will adopt any idea if it thinks it is a good one."

Appeal for a clearer stance on management training

Hazel Duffy on a Manpower Services Commission initiative

WITHIN the next few years, e bunch of better-trained, highly motivated young people will be entering the doors of British industry and commerce, *brandishing* their new-found certificates of competence. Most of them will be met by e bunch of managers who have oever been trained for the job they *are doing.*

This was the dauoting prospect held out by Geoffrey Holland, chairman of the Manpower Services Commission, to a conference earlier this month organised by the British Institute of Management. He was preceded by Paul Channon, Trade and Industry Secretary, who *quoted* frightening figures showing that 70 per cent of managers have received no training for the jobs they are doing, and only 2 per cent have a *business qualification.* Not surprisingly, Dr John Constable, director general of BIM, told the conference that it was time that Britain began to clear *up its management* education moddle.

The MSC's main role has always been the training *of* youngsters. It made its debut in the area of managemeot development *last* year, setting up some 40 projects inside companies which focused on training managers by addressing a particular problem that they were experiencing.

For example, e fast-growing packaging company is diagnosed as having an acute need to achieve better resource utilisation. Management recruitment had not been planned; management systems had not been reviewed; co-operation between departments was poor. Consultants were called io to identify training needs, a training process was set up, mostly concentrating on middle management but with the backing of top management, the programme taking place over eight weeks. The conclusions: "a worthwhile start," decided the company. Holland's plan is to go much further by creating national awareness of the lack of training for British managers, compared with their counterparts in competitor countries.

Despite spending 20 to 25 years grappling with the issue of providing management education, Britain has yet to formulate e "highly effective epproach," eccording to Constable. In the US, ebout 25 per cent of undergraduates read business, and the annual *output* of postgraduate MBAs is around 70,000. This is the American way.

In Japan, the employer rather than the *educational* system has responsibility for management training, where the "lifetime employment" concept in large companies helps to justify the employer's investment. Germany does not use business schools, either, but many of the engineers and technologists have received basic *managerial* education as part of their first degree programme. The French have edopted an elitist approach, creeting 35 Grandes Ecoles in *management,* with an *output* five times that of British postgraduate management education.

Stimulate

Britain has taken a little bit of each withont prodncing a "*distinctive approach,*" says Constable. The BIM, working with the Institute of Personnel Management and the MSC, wants the approval of the Edncation Secretary, Sir Keith Joseph, and Paul Channon to common terms of reference which will stimulate a debate on the problem in the business world and prodnce — quickly —a way out of the muddle.

An example of an area where Constable would like to see progress is the present lack of co-ordination between universities and polytechnics and colleges of higher education. One solution might be a revival of an old idea for setting up regional "centres of excellence." One educational institution would be nominated as the leader, with responsibility for forming a management education centre; the others would co-ordinate their resources and efforts around the lead institution.

Now that the MSC's Youth Training Scheme is in place, and reform of technical vocational qualifications is in prospect, the paucity of adult training and re-training in Britain is crying out for attention. Included in this area of neglect is management development and training, to which, as *yet*, there is no serious commitment, says Holland.

One possible outcome of the management training debate on which the BIM—with the *backing* of the *Confederation* of British Industry—wants to start would be a basic qualification for all managers: a certificate of competence which would *have to be* op-dated during the course of a career.

The idea would not be to create a precisely defined profession; with an estimated 2½m people in management grades, that might be technically impossible, and would create a sort of "closed shop" which would not be at all popular. But *training* and assessment of competence in certain basics, such as finance, buman relations and marketing, might be seen as *highly* desirable for people who will be managing the emerging breed of trained youngsters.

Training courses lasting a few weeks would be required for updates of professional competence—*they* could take place within the company just as well as in business schools—the important point being that they would have to cover "every manager, at every level, in every company," says Holland.

The MSC chief put up 10 propositions to the BIM conference designed to achieve this target over a 10-year period. The responsibility would lie with companies, but with guidance and support to be given by the trio of organisations.

To gain national acknowledgement of the need to improve management training, a definitive study with a guaranteed wide circulation is probably needed. A precedent was set by the report* for the MSC and the National Economic Development Council which compared vocational education in Britain with West Germany, the US and Japan. A similar *study of management training* would seem to be called for.

**Competence and Competition. 1984. Study carried out by the Institute of Manpower Studies.*

THE ARTS

Television/Christopher Dunkley

The case for violence

Some weeks ago, after yet another of the tabloid newspaper's anti-television campaigns over "sex and violence," with Mary Whitehouse at its centre, the BBC invited viewers to write specifying incidents in programmes which they found objectionable. The Director-General of the BBC himself, Alasdair Milne, publicly solicited correspondence.

The response was prompt. By the middle of last week the Corporation had received some 3,600 letters; proof, surely, if more were needed, that public concern on this matter is at *fever pitch*.

That is one way of looking at it. There is another way. Given that there are more (actually a good many more) than 36m adults in Britain the result means that fewer than one person in 10,000 has bothered to respond.

If I did not have this column as a public platform I would write myself to say that I do not share Mrs Whitehouse's peculiar desire to bracket sex with violence and to point out what a paucity of sex there is on television, of either the feminine type (Mills and Boon romance), or of the more masculine variety (more visibly erotic), and what a dickens of a lot of violence there is around and how much I happen to loathe it.

It is quite possible, however, to dislike violence on television without wishing to introduce legislation to stop others watching it. Indeed, it seems to me vital to oppose Winston Churchill's Private Member's Bill (which seeks to fulfil Mrs Whitehouse's fondest desire by extending the disastrous Obscene Publications Act to cover broadcasting) because what it does is divert attention from the real problem.

The problem is not violence inside an electronic box, but violence inside the minds and bodies of men which has been evident on this earth throughout recorded history. The frantic activity of the minority which is so anxious to "draw lines" and deprive us of our freedom to watch certain programmes can be seen as what psychologists, I believe, call "displacement activity."

The real problem is violent men. From Australopithecus Africanus with his skull bashed in to Hiroshima with 75,000 killed, violence has been mankind's most evil characteristic. The Whitehouse lobby sees this, has no more idea than the rest of us what can be done about it, and so, in a classic act of displacement, rounds on television, even though television has been with us for only a minute fraction of our violent history.

But leaving aside organised violence — World Wars, the Crusades, the Inquisition, the present Gulf war, the torture endemic in so many states (though I am not clear why we should leave them aside, except that the Whitehouse lobby would sound pretty silly arguing that *they* could be blamed on television)—isn't it obvious that there must be a connection between the sudden arrival of television in our midst and the vastly increased violence all around us?

To believe that, you must first believe that there has been a vast increase. Mrs Whitehouse has blamed our recent riots on television. Was television responsible for the Wilkite Riots of 1760? The Gordon Riots of 1780, when London was at the mercy of the mob for *three days? The Luddite Riots* of 1811? The Peterloo Massacre of 1819? The Rebecca Riots of 1844? Presumably not.

So far as civil disturbance goes we seem to be living through one of the quieter periods in the history of these habitually riotous islands. Perhaps would-be rioters are watching violent television and benefiting from catharsis. . . .

Leaving aside international and government - sanctioned violence then, and also violent civil unrest, we come to individual acts of violence—rape, mugging, child battering—and here, surely nobody could deny the coincidence of an increase in crime statistics and an increase in violent television. Indeed that coincidence cannot be denied—but do the increased statistics mean what the Whitehouse lobby suggests?

On BBC1's *This Week, Next Week* on Sunday, Mrs Whitehouse told us again of the tremendous increase in the number of rapes being reported. Does this mean that rape is now occurring more frequently (a central article of the feminist faith) or does it mean just the opposite: that, whereas rape was so commonplace in the past, especially between master and servant, that nobody bothered or dared to report it, in today's far more sensitive climate rape is so noteworthy and so much more frowned upon that many more people tell the police? Anyway, how often do you see rape on television?

Behind the sensational tabloid headlines about statistics for mugging and grievous bodily harm, which the Whitehouse lobby is so quick to believe and exploit, are quiet historians and statisticians who are far from certain that a Londoner abroad at night in 1986 is more likely to be mugged than his predecessor in 1886.

Judging from Dickens and Mayhew London is much safer now than a century ago. Louis Blanc wrote in December 1862: "Open any newspaper at hazard, *and you will find in it* nothing but accounts of nocturnal outrages, here, it is a woman who is robbed in Oxford Street by the glare of lamps . . . there, it is the imprudent possessor of a watch, the chain of which he allowed to be seen, who was three-parts strangled in passing from Bond Street into Piccadilly . . . Sir Richard Mayne has increased the number of policemen but the misfortune is that they are never to be found where their presence is desired. . . ."

That's as maybe, Mr Churchill would say, but—and he brought the old chestnut out on Sunday's programme—you can't have it both ways: if television commercials work then television must "sell" violence, *too. However*, if that piece of appealingly simple-minded reasoning were correct then Mr Churchill would presumably have to campaign for the abolition of all paintings and models of the crucifixion because poster advertising works doesn't it?

And if still images sell soap then that familiar image of a man on a cross—vivid and three-dimensional, and displayed in *every town* and village in the country—must "sell" violence, right? So impressionable teenagers all over the country are going to be running around nailing one another to crosses aren't they? Or could it be that the intention behind the depiction is of paramount importance? That soap commercials work because the makers plan them very carefully with the precise intention of making them work?

Am I seriously suggesting that there is no connection whatsoever between the tediously repetitive violence on television and the violence in society? No, I am not. Clearly television reflects and often exaggerates what happens in society. But the idea that it has more than a marginal and contributory *causal* effect seems like wishful thinking when you look at the endless violence of mankind in all the centuries before television arrived.

Certain specific violent techniques may spread more quickly among those willing to use them thanks to television: rocking cars to overturn them as barricades, making Molotov *cocktails*, using a centre-punch to shatter car windows and steal radios. But I do not believe television will make me willing to go out and do these things any more than Mary Whitehouse believes television will have that effect upon her. The more nasty bits she watches the more she dislikes them.

Finally, what about those delinquent adolescent youths with impressionable minds who watch more violent television than the average and behave in a violent manner? Even there the automatic assumption that television is *causing* the problem is questionable: it is not so surprising that violent people enjoy watching violent programmes. If we discover that engine driver Fred Smith has a house *full* of train books we do not assume he took his job *because* of the books.

But let us assume that there is some tiny fraction of 1 per cent of the juvenile population whose delinquency could be exacerbated by prolonged exposure to televison violence. Should that really be the primary criterion for deciding on television regulation for the entire population?

Do Mr Churchill, Mrs Thatcher and the Conservative Party really want to help Mrs Whitehouse to reduce the freedom of the individual, diminish parental responsibility, and roll forward the power of the state?

"Albion Market" traders are victims of right wing thugs: do such scenes encourage violence?

Henze and Lutoslawski/St John's

Andrew Clements

Two of contemporary music's senior individualists conducting their own work with the London Symphonietta and Symphonietta Chorus gave a pleasing symmetry to Monday evening's programme in St John's, Smith Square. It was presented by BBC Radio 3 as part of the current season of European Broadcasting Union Concerts, but concerts that seem well balanced on paper sometimes fail to work in performance, and so it proved with this pairing of Henze and Lutoslawski.

Taken by themselves the two Henze works, separated by precisely 20 years, made a neat contrast. The delicious little cantata from 1963 *Being Beauteous* (soloist the stylish and controlled Sarah Leonard) is one of the most perfect demonstrations of the composer's instinctive lyrical sense, while the clarinet concerto after Genet, *La Miracle de la Rose*, underlined the patchiness of Henze's recent music, juxtaposing sinewy instrumental writing with passages in which the total effect seems ill-disciplined and approximate. Michael Collins was the soloist, rising well to the opportunities offered by the work's closing section, which alight upon a striking, Bergian, expressiveness.

With the arrival of Lutoslawski, however, the evening began to lose its momentum, for neither *Chain One*, the vehicle for the Symphonietta written in 1984, nor the very recent 17 Polish Christmas Carols, did anything to dispel the unexpected impression that, alongside Henze, he can seem a composer of very circumscribed scope and ambition.

There is never a note out of place in a Lutoslawski score; every form is filled economically and elegantly. *Chain One* is a beautifully proportioned miniature, putting the players effortlessly through their paces: the arrangement of the carols, for solo soprano chorus and orchestra, reworking of originals from 1946, are done with fastidious skill.

But what is lacking in both pieces is any sense of creative tension, evidence of the composer setting himself compositional problems that he may or may not be able to solve. By working within such well defined musical territory, Lutoslawski minimises the risks. Perhaps because he works so slowly, he feels he cannot afford an experiment which might fail.

Henze, on the other hand, experiments all the time, and while he does not always register success, every new work of his carries at least the promise of something entirely fresh and possibly exciting, because of the challenge it contains.

Dead or Alive/Albany Empire

Michael Coveney

The Albany Empire off Deptford High Street is one of outer London's more congenial theatre spaces. Its good bar and café tables are just the job for a lively cabaret such as this from Beryl and the Perils.

The point about the Perils in the late 1970s was that feminism could be fun and presented in rough mobile cartoon form with sketches, punchlines, inverted sexist attack and bitchy singing. Since then we have had groups like the Raving Beauties and Fascinating Aida moving from the Edinburgh fringe to Channel Four with a glossy finish and sophisticated following.

This has renewed the value of the Perils, who announce their come-back in rhyming couplets and close harmony before proceeding to knock the hell out of men, matrimony, snooker-playing macho policemen, male doctors and US airbase sentries.

It is all irredeemably crude and lively, weak spots in the material compensated for by the sheer talent and gusto of the formidable trio, notably Christine Ellerbeck who has a magnificent voice and a dumpy, grumpy, put-upon comic manner. Her partners in theatrical crime are the wistful mezzo baritone Claudia Boulton and the extremely sprightly Didi Hopkins.

Not all of the sketches feature Beryl, Dennis, Basher and Nutter, but playground antagonism is the spring in most of the material which operates on the not unreasonable premise that adults carry on like spoilt brats for most of the time anyway. The cartoon style is conveyed in gaudy costumes — striped pyjamas, luminous socks, laminated plastic coats—and screeching pink backdrop. There are odd moments of quiet seriousness, too, such as the poem about the dangers of walking home alone, or the plea for trees (but is arboricide really genocide?)

The show ends with a spray of glitterdust from Pandora's Box, a classical gesture less impressive than the visit of Boadicea to Mickey and Minnie Mouse. The sparkle is one of hope, something we all reserve for these friendly premises, open for less than four years but of course threatened with a loss of GLC funding.

That shortfall of £250,000 is, I understand, likely to come from the already supportive councils of Lewisham and Greenwich, with more from the Greater London Arts Association. Good for them. Perils and the Albany are a good example of the sort of valuable cultural phenomena unlikely to attract private or industrial sponsorship.

Glengarry Glen Ross/Mermaid

Martin Hoyle

The old problem of how to convey theatrically the banal, the boring or the repellent without producing banal, boring or repellent theatre recurs in this transfer to the theoretical West End (actually further east) of one of the National Theatre's biggest successes.

Here the danger lies in the joyless, the soulless and the generally dehumanised. David Mamet, author of *American Buffalo*, presents us with real estate salesmen in whom traditional American ambition and opportunism have been scorched as arid as the Arizona desert by the heat of ruthless competitiveness. Their lifeless language is desperately spiced with profanity. "I'm sorry to antagonise you," murmurs a harassed high-flyer after subjecting his colleague to a string of four-lettered expletives. Mamet's style reflects plastic formality melted into equally meaningless obscenities.

Alastair Muir

Kevin McNally

How much the lack of urgency, the absence of any feeling of danger underlying the compulsive hard-selling, smooth-talking, double-crossing — and ultimately law-breaking—is due to the Britishness of the cast is hard to say. Apart from an uncharacteristic "yuss!" from a newcomer to the company, the accents are convincing. Bill Bryden's production retains Hayden Griffin's sets, the plush eternal twilight of a business-lunch haven and the wreckage-strewn interior of the burgled office.

Tony Haygarth's fatuous amiability as a gullible customer, all nervous giggles and helplessly incomplete physical gestures, stands out from fine team-work; as does Karl Johnson's icy office manager, too inexorably mechanical even to be called Machiavellian — both exceptional performances.

Kevin McNally replaces Jack Shepherd as the whizz-kid spieler with the almost manic drive. While his predecessor has faintly mad air at the best of times, Mr McNally excels as the normal guy turned fanatic, obsessed with coming first. His outburst of fury when a profitable deal is sabotaged by the office manager raises the dramatic temperature appreciably, helped by powerful writing. After a stream of profanities, his blistering contempt is summed up, as he gropes for words foul enough, by the ultimate insult: "You—fuckin' —*child*." He also reveals the character to be our old American hero, the rugged individualist. As he bitterly remarks of his job, "It is not a world of men. There is no adventure to it."

War Requiem/Festival Hall

Richard Fairman

"The *idea* was good" was Britten's grudging comment after the first performance. In the 25 years since his *War Requiem* was written the work has hit high and low points in critical esteem, and the time is clearly ripe for a revaluation of its merits.

This performance by the Philharmonia Orchestra and Chorus under Andrew Davis provided just that—and so, in a more academic way, did a fascinating BBC Radio 3 retrospective earlier in the week.

For an hour that programme put the *War Requiem* in the dock. Those who have been closely associated with the work spoke for or against it in a judicious balance. Of the charges they brought, none seemed to carry more weight in the Philharmonia's performance than the accusation that the settings of the Latin Mass are inferior to the rest of the work. Heard in the dry acoustics of the Festival Hall, the part-writing certainly sounded threadbare in inspiration, despite the efforts of the chorus.

A Requiem made of these alone might well seem weak and derivative. But that, of course, is not the point. By incorporating the war-time poems of Wilfred Owen, Britten shifted the balance of the Requiem in a wholly new direction, setting his safe and very traditional responses to the Latin text face to face with Owen's ugly reality. Andrew Davis's gritty and trenchant conducting of these sections, brilliantly rhythmical, showed to anyone with doubts how powerfully this contrast still packs its punch.

In the two inspired male soloists of the evening he was also fortunate. The tenor Robert Tear may not have the inimitable vocal elegance of Pears, the work's creator, but much of what he did *struck* home: the biting laughter of the soldier-in-arms, the softness of the man moving his dead comrade into the sun. And in Dietrich Fischer-Dieskau we had the baritone soloist of that first performance, still mightily impressive, though he is now apt to force the tone at big moments.

In his singing of the later poems Owen's words seemed to cut still more deeply: the words of "the pity of war" were coloured and relished with a rare spontaneity touched upon by this singer only in his finest moments. The Latin sections of the Requiem too were distinguished by the solo singing of the soprano Julia Varady.

The silence after the hushed chords of the last "Requiem aeternam" seemed to last an eternity—a popular reaction that surely speaks with more power in Britten's defence then an army of critics, analysts and well-wishers could ever hope to do.

ICA faces its 'darkest hour'

The Institute of Contemporary Arts "faces its darkest hour." In a litany that is becoming all too familiar this year Bill McAlister, the director of the ICA, yesterday said that its future was in doubt if it did not receive sufficient subsidy in 1986-87. It has an accumulated debt of £200,000 and a planned *deficit* for the coming year of £190,000.

The problem is that it has no idea yet of its Arts Council grant for the coming financial year, although it is unlikely to exceed inflation. The ICA is hoping that Westminster City Council will become a new supporter, along with the BFI.

McAlister believes that the ICA deserves aid because it brings in over 60 per cent of its income through its own efforts; has done well in attracting sponsors, who provide 9 per cent of its funding, and it has increased its attendances by 25 per cent over the past three years. In all the ICA has a turnover of £1.5m.

An immediate economy has been the axing of its video library, with the loss of three jobs from April 1. But there is some optimism. The ICA has put in for a London arts radio station on the community radio network, and it has also established self-financing television and record companies. Its main problem remains that, as the main national centre for contemporary arts, it directly competes, in music and art, with its main revenue supplier, the Arts Council.

Natural history fights for survival

The Natural History Museum, which includes the Geological Museum and the Zoological Museum at Tring, will announce a survival plan today which could include the introduction of admission charges.

Unlike the other national museums, the Natural History is funded by the Department of Education and Science and it has received depressing news about its future funding.

It faces a shortfall of £1.5m this year, which by 1990 is likely to have reached £2.5m. Its response is a corporate plan which seeks to raise revenue by sponsorship and patronage, and by more effective marketing of its resources. It is also considering charges for scientific services, staff redundancies and admission charges.

A.T.

Saleroom/Antony Thorncroft

Pottery birds in demand

Animals and birds, petrified in pottery and porcelain, were much in demand at Sotheby's yesterday. A Whieldon dovecot, made around 1750, glazed in tones of brown and green, and displaying some tranquil birds, sold for £30,800, way above the £8,000 top forecast and the object of a fierce fight between prospective owners.

In contrast "Polito's menagerie," one of the most sought-after Staffordshire figures, made by Obadiah Sherratt around 1810, was spot on target at £9,900. Another exceptional price was the £12,650 paid for a London Delftware posset pot and cover of around 1670: the top estimate had been £5,000.

A Birmingham Aventurine glass casket, which was made around 1765 and contains two enamel tea caddies and a canister, was at the lower end of its estimate when selling for £15,950. An unusual Worcester dessert service of around 1775, once in the Pink Drawing Room at Panshanger House, the home of the Earls Cowper, sold for £7,150 for 38 pieces some chipped. A Liverpool nautical punchbowl bearing the inscription "Success to the Ann and Catharine" went fairly cheaply at £5,500.

Among the first editions at Sotheby's Ian Fleming came out best with £362 being paid for an inscribed edition of his *The Spy who Loved Me*. A first edition of P. G. Wodehouse's *My Man Jeeves*, in which the character made his first appearance in book form made £220, while an inscribed Evelyn Waugh first edition of *A Handful of Dust* fetched only £198.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

Feb 21-27

LONDON

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey, Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 8834)

Blithe Spirit (Vaudeville): Excellent revival of Coward's eternal triangle comedy, notably well costumed and lit, with Jane Asher and Joanna Lumley fleshy and ethereal foils to Simon Cadell's sexually threatened suave novelist. Marcia Warren is a fine Arcati, a serious amateur in woollens and psychic research from South London. (836 9987).

NEW YORK

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

WASHINGTON

In Regard of Flight (Kreeger): Bill Irwin's theatrical spoof shows off the mime's talent in confronting a man-eating stage curtain and a disappearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena Stage (488 3300).

CHICAGO

Fences (Goodman): James Earl Jones plays a 1950s baseball player capable of being in the major leagues but subject to discrimination because he is black, in August Wilson's latest drama about the American black experience. Ends Mar 9. (443 3800).

NETHERLANDS

Amsterdam, Garden Hotel Theatre (Dysselhofplantsoen 7): The English-Speaking Theatre of Amsterdam with Arthur Miller's A View From The Bridge (Thur). (642121).

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Deliverance in Manila

THE FALL of Ferdinand Marcos in the Phillppines without significant hloodshed is tha outcome the world wanted but bardly dared hope for. The country seemed poised to become yat another example of cetastrophe theory—whereby a long-estahlished and intrinsically unstable state of affairs can only be ended through trauma.

Trauma can still occur, but so far the removal of Mr Marcos from power has been an extreme example of the democratic process at work. Popular will has shone through an election rigged against it. It has been expressed in sufficiently pbysical form to ont-face columns of tanks and to make a beleaguared president desist from using the firepower available to him.

Somehow the Phillppines have started a catastropbe and have arrived at a new beginning wbich would have seemed implausibly optimistic to predict only six months ago. They have in Mrs Aquino a potential new leader who, while completely inexperienced, has shown during her election campaign sufficient mettle to justify bopes that she will prove another Rajiv Gandhi. She wants a parliamentary democracy and e free enterprise economy. Senior figures in tbe military establishment are already on her side and the armed forces as e wbola are not so compromised by bloodshed as to make full-scale allegiance to her improbahle. The communist insurgents who seemed to pose the main threat to Marcos e short time ago have not been relevant to, and have not profited from, the rush of events.

What were the ingredients in this lmprobable outcome? The Filipino people moved from apathy into a unique blend of fervour and self-restraint: it is a tribute to them that, wbether pro- or anti-Marcos, they have so far managed to contain violence under such conditions.

The US has, for the second time within a month, moved in well-judged fashion to remove the rug from under a ruler whose time had coma. The removal of "Baby Doc" Duvalier from Haiti was the other example.

There was a frightening moment wben President Reagan, in the direct aftermath of the cooked Filipino election, asserted that there bad been fraud on hoth sides. But wiser counsels prevailed and a president who migbt have been expected to hack an anti-communist friend through thick and thin urged him to go instead. What America's allles feared mlght degenerate into another Vietnam has become, for the moment, an example of the hest sort of use of American global influence.

Marcos himself contrihuted to his own relatively bloodless removal. He called the elections, albeit with the aim of rigging them, and thereby opened Pandora's box egainst himself.

The economic climate played an important part as well. Austerity is supposed to be tough on democracies, hut it has recently proved still tougher on authoritarian regimes. Whether in Argentina, Brazil, South Africa or the Philippines, the end of an inflationary, free-spending, free-lending decade bas made lt more difficult for the autocrats to provlde the bread and circuses needed to keep them in power.

Media

Finally, the medie have once again sbowed themselves to be an intrinsic part of today's political action. The ability of tbe forces bebind Mrs Aquino to deprive Mr Marcos of access to television channels made a crucial difference to his credibility as a re-elected president. Equally, the uhlquitous presence of television cameras discouraged violent solntions and allowed the attitude of the world outside to have immediete impact on political fortunes.

Mrs Aquino, president by popular request, should now have a brief honeymoon phase to sort out problems bequeathed by 20 years of the Marcos dynasty. She has to prune the implicated elements out of the military. She has to comb through the government from the supreme court downwards. She has to dispense some tough justice, but at the same time try to bold rioting, lootiog and lynching in check, and to promote e general climate of recoocillation.

It is a huge challenga — but one that seems less impossible than the deliverance from the brink that the Philippine people have already achieved for themselves.

Time for action on education

THE AIM of the Prime Minister's education policy talks with industrialists and academics this week could he summed up as follows: "Education is an important factor in securing technical change. It is important that the UK sbould be in the ven of scientific and technical advance. There is a need for more students of high quality to study in the applled fields."

It is a creditable aim even though education's value reaches beyond service to the economy. But the fact that it is still an aim stands as a rebuke to the Prime Minister and ber recent predecessors in office. Many of the children just starting school in the year when the statement quoted above was written, now bave children of their own. It was nublished by the National Economic Development Council in 1963 as part of its advice to the Conservative government led by Mr Harold Macmillan.

Over the best part of a generation whicb has followed, the education service has not only failed to improve in line with the needs of a soclaty dependent on making good use of advanced technology. The service has recently gone from bad to worse. Some of the 11 Education Secretaries during the period, including Mrs Thatcber herself, have begun developments. Among them are tha technical and other work-related school courses introduced by Sir Keith Joseph in 1982. But tha developments are piecemeal.

Vouchers

The central problems preventing effective change persist even though the successive Secretaries have perennially claimed that solutions are just around tbe corner. Several bave gone to the Education Department with bright ideas only to accept soon afterwards that they would not work. An example is the education vouchers—to be issued to parents who would "cash" them at a school of their choice—now being canvassed by Mrs Thatcher as part of the grand solution her party would apply if it won the next election. Sir Keith want to Education lntanding to introduce vouchers. He still regrets having been persuaded not to.

To his credit, he has done more than his predecessors to address tha root problem stopping the service from producing more engineers, technologists and scientists of the sort wanted by employers. Tbe root is the convention that schoolteschers of similar levels of academic qualification and length of service should he paid the same regardless of the subjects they are equipped to teach. Unless all teachers are to be given e pay rise, therefore, schools are unable to compete with the salaries offered hy industry and commerce to people with developed understanding of mathemetics, sciences end technology. The consequent shortaga in schools of capable teachers of such subjects means that, despite the Government's pledge to increase student capacity in university and polytechnic science and technology courses, the schools are not producing enough 18-yeer-olds qualified to fill tbe places available already.

Sir Keith's hope of solving tbe problem of so-called shortage subjects is one reason for his refusal, despite neerly 13 months of a disruptive pay dispute, to find extra money for teecbers unless their unions accept changed job conditions. The changes he wants would allow specialists ln shortage subjects to be paid more. Unfortunetely, his moves to echieve that aim show little of the urgency which might be expected given that the problem is now at least 23 years old and worsening daily. The current dispute may soon be solved by unions' acceptance of proposals committing them to immediata negotiations on new conditions. But they have already negotieted fruitlessly on the same topic for years and even if this time they accepted the change it would still taka years to nroduce the increased supply of practical technological and scientific skills wanted by industry.

There seems no reason why be should not concentrate the negotiators' minds by taking reserve power to impose the necessary changes. Tbe new Education Bill sets a precedent in providing for systemstic work appraisals to be imposed on teachers. After a generation of mere govarnmental tinkering with an educstion system unsuited to the economy, the responsible Ministers need to show by action that they mean to put their promised improvements into force.

BRITAIN'S BUS INDUSTRY

Mr Ridley drives on despite the doubters

By Andrew Fisher

THERE IS a gleam in the eye of Mr Nlcholas Ridley, the UK Transport Secretary, inspired by the thought of what unleashing market forces could do for Britain's bus industry.

Buses do not excite tha same enthusiasm as trains, cars or ships. So the fect that the industry is about to go through its biggest npheaval in over 50 years is likely to have passed most passengers by.

Mr Ridley, one of Mrs Thetcher's most radical ministers since his rift with the Heath government's interventionist industrial policles in the early 1970s, takes the view that the public would be best served hy dividing the industry and letting operators compete. This is despite the fect that a fragmented National Bus Company would probably commend e price of around £100m—about half the amount anticipated if it were to be disposed of in one or more large units.

Mr Ridley is convinced that the bus industry, which has seen lts market share dwindla in the face of competition from cars, will be invigorated by the Government's pollcy of deregulation, privetisation, and fragmentation.

Routes will be thrown open to competition from all-comers. NBC, the country's largest company, formed in 1969, will be split up and denstionalised, and the big, heavily-subsidised municipal bus concerns will be nut at arm's length from their local authority owners.

London's services are excluded from this process—but probahly not for long. Having taken over oneration of London Transport from the Greater London Council, which is soon to be abolished, the Government plans to deregulete its bus services within two years. Some routes are already operated privately.

Many experts are far from convinced, however, that tha industry will benefit from the fresh air of competition which Government policy is intended to bring about.

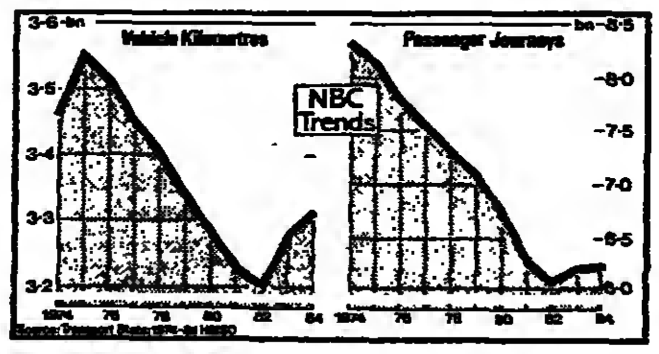
The privetisation of NBC, with ebout one-third of the market, is a key element in the Government's strategy. But the company has grave misgivings about being split up, although it eccepts the principle of sale to the privete sector.

NBC was keen to organisa a buy-out by managers and amployees along the lines of the Netional Freight Consortium, thus keeping the company whole or dividing it into large units. Tbe employee-shareholders of National Freight have just learnt that the original £1 shares are worth £22 four years after tha buy-out. NBC would bave found it hard to match this, but believes it could bave prospered in this form without inhihiting competitors.

NBC is to be sold off in 71 separate units, including engineering companies. This figure includes the effect of splitting up Ribble Motor (north west England), Crosville (north Wales), and London Country (around the capital), which NBC resisted.

Mr Ridley hopes managers and employees will take up the chance to buy their own companies. Some are keen, while others want to wait and see. Outsiders will also be eble to bid.

Most bus passengers are not fussy ebout wbo provides tha services, as long as they are punctual, comfortabla and fairly cheap. Adding to their indifference is tbe industry's generally poor image. Despite recent improvements, most people can recall being drenched, frozen, or simply frustrated while waiting for buses that were late, cancelled, or over-crowded.



The qnestion remains: how can any of this change under the new policy? In the words of the Department of Transport, the purpose of the 1985 Transport Act "is to establish the disciplines of a competitive market in the provision of local bus services."

Cross subsidy of unprofitable routes by profitable ones will end. NBC has given a warning that commercially weaker services, mainly in country areas, could suffer. It receives about £85m a year from the shire counties to support such routes, but reckons it provides double this amount from its own cash resources.

The White Paper on buses which preceded the Act stated that "Britain needs good bus services." Over 10 per cent of all individual journeys are by bus, three-quarters of them for essential reasons such as work, school, business, or shopping.

Yet bus services have contracted. Bus and coach passenger kilometres have halved since the early 1950s and the share of total travel taken by buses has slumped from 42 to 8 per cent in terms of distance. Costs and fares have risen beyond inflation, while subsidles have soared from £10m in 1972 to well over £500m in the 1980s.

With the travel market growing, the White Paper concluded, "new measures are needed urgently to break out of the cycle of rising costs, rising fares, reducing services, so that public transport can win a bigger share of this market."

The Government's main measures are these:

● Deregulation. The old licensing system, in force since 1930, will be scrapped. It was designed to protect existing operators, so that their better routes could support unprofitable services in a local pattern. The Government called the system "highly restrictive" and "defensive and inward looking."

It deregulated long-distance coacbes in 1980, opening up the market to all operators and providing travellers with a range of services competing with railways on price if not speed. Now that this is to happen to buses, operators will be able to register for whatever routes they wish.

The Government bopes this will promote innovation in the range and type of bus services provided—taxis and mini-buses are also encouraged under the policy — and thus keep fares stable through competition.

Operators must register this month and the new regime is due to start after deregulation day on October 26. They must run the agreed services for at least three months from that date.

Local authorities will have a fundamentally different role. No longer will they have a duty to co-ordinate passenger transport, though they can still subsidise unprofitabla services if they first pnt them ont to tender.

The Government estimates savings could exceed £200m a year if costs fall by 15 per cent through deregulation. But critics argue that weekend and night services, especially in the country, could suffer because many councils will not be keen to subsidise weaker routes.

"I think it's possible that no busea will run on Sundays, or before 7 am and after 7 pm, and a considerable number of villages could lose services entirely," says Mr John Tate, managing director of Northampton-based United Counties Omnibus.

Trevor Humphries

En route to privatisation—Mr Robert Brook, chairman of the National Bus Company.

● Privatisation. NBC is to be sold within three years. It made an operating profit of £48m in 1984, nearly twice the level of 1981, though it was slightly higher in 1983. The company and its financial adviser, Barclays Merchant Bank, have been frustrated at Mr Ridley's insistence on privatising NBC piecemeal.

The Government's view is that only hy splitting NBC, whose annual turnover is around £770m, end further dividing some subsidiaries can competition be assured. But Mr Philip Dayer, a director of the merchant bank, feels this will make buses into "a cottage industry."

There are several thousand bus operators, as well as the large municipal Passenger Transport Executives in big towns and cities. "It would not be the privatisation of a monopoly. It would be the privatisation of a company which is dominant, but not the sole provider of bus services."

Mr Robert Brook, jovial chairman of NBC, is an accountant who has been in the bus industry all his working life. He feels the same. "I'm extremaly disappointed the Government is not willing to allow us to go along the sama route as National Freight."

Mr Brook adds that the Government will certainly obtain a lower price for a group split up before sales. When it looked as if NBC would be disposed of in one of more large units, analysts were talking of a price of at least £200m. But that has now been scaled down aharply. Mr Kenneth Long, transportation analyst with stockbrokers Grieveson Grant, reckons the Government will be "very lucky to get £100m."

Because the sale will not ha large by the standards of privatisations such as Britisb Telecom or Britoil, the Government can afford to put competition before price. "It's a politically-driven scheme," says Mr Alan Kelsey of the Kitest and Aitken stockbroking firm.

● Fragmentation. Mr Ridley has just told NBC to split Rihble, Crosville, and London Country into several smaller units. He also wants to split np United Automohile in north-east England. This was already earmarked for subdivision.

Of the first three, be said a detailed analysis of the local circumstances by consultants Price Waterbouse had shown that they could, if left intaet, "undermine the development of competition in large areas of the country and so deny many passengers the early benefits that deregulation is designed to bring."

Ribble's managers are none too happy about the proposed fragmentation. Mr Ian Chapman, general manager, said before the announcement: "We may appear to be a large company, but we cover a large area. There are smaller district operators that are actually bigger than us in each area."

But in big urban areas Ribbla is up against the much larger municipal operators of Greater Manchester, Merseysida and Preston. Like other NBC subsidiaries, Ribble has agency deals in the towns, being paid by the councils for integrated services it operates within tha urban network. After deregulation, these will all be subject to scrutiny by the Office of Fair Trading.

Mr Long of Grieveson Grant reckons there is no reason to split up NBC, if other far-flung organisations are not to have the same treatment. Associated British Ports, for example, which runs 19 ports, was privatised as a single company.

"If the argument for breaking up NBC is valid, then it's equally valid for breaking up the British Airports Authority or British Airways. If it's not valid for those, then it's not valid for NBC."

For the NBC managers, privatisstion could prove both challenging and traumatic. "You're suddenly going to pitchfork a lot of good, basic line managemant people into a very bard commercial world, where they won't have the cushioning of a large company," says Mr Long. NBC is recruiting new financial managers for some subsidiaries.

Despita their relative inexperience in the commercial world outside buses, however, many NBC managers seem keen to launch buy-outs. Midland Red (West), based in Worcester with 300 buses and 650 staff, is mounting one. Mr Tate of United Counties, with 250 buses and 650 people, plans to do the same.

Involvement by City institutions is likely to be small though Bankers Trust bas been asked by the Government to see if syndicated medium-term financing can be arranged. Venture capital outfits have shown interest in supporting buy-outs.

"I'd no idea so many people were at least anxious to talk of lending money," says Mr Tate, though be adds that no serious talks bave yet been held. Ha bas heard from clearing banks, buy-out specialists like Candover and 3i, and insurance groups.

Mr Jeff Gundel, manager of Milton Keynes City Bus, formerly part of United Counties, has also been flooded with letters from potential investors. But the Milton Keynes company, with 64 vehicles and 190 staff, has had more pressing problems on its mind.

To minimise disruption in the run np to deregulation, Buckinghamshire County Council put all the city's routes out to tender last November. "So we are having to deal with the split, privatisation, deregulation, and tendering in advance of the rest of the country," says Mr Gundel.

Of the 31 route contracts in the tender, the NBC company won 27, having to cut its prices considerably to do so. It bad been running 28, but lost one to a local independent operator.

Other operators can still register this month to run any routes after October, if they think they can managa without subsidies. The present county council contracts run until the end of April, 1987.

Clearly, with such changes facing the industry, there will be winners and losers. The Government hopes the public will be the winners, as removal of "the dead hand of regulation" lowers fares and leads to a greater variety of services.

Others are sceptical, believing organised networks of routes serve people best. "Transport has to be very much an integrated industry," says Mr Long. "It doesn't work well otherwise." But the Government bas different views. It said in tha White Paper: "This industry does not show economies of scale."

Who is right? Freeing buses from restrictive licensing is one thing, hut the shake-up could be so violent as to unsettle passengers and weaken the industry. Says United Counties' Mr Tate: "It is far and away tha most significant change we are likely to have in our working lives."

Men and Matters

Bankers prize their options

A number of key executives in Morgan Grenfell have a keen personal interest in the progress of the proposed takeover of the hank by the cash-rich Exco International.

Large numbers of share options have been spread round the upper echelons of the Great Winchester Street estahlishment, and last year the 1984 option scheme was amended so that optiona would become lmmediately exercisable, "if an offer becomes unconditional or a schema of arrangement is sanctioned as a result of which the company would become e subsidiary of another company."

From the suggestion that the Exco-Morgan deal would he on a 50-50 basis, it would appear that Morgan is aiming at a price of about £9 a share, whereas the last published accounts revealed that 2.7m options from the 1974 scheme were exercisable at between 100p and 350p, while 1.3m were at that stage outstanding on the hasis of tha 1984 arrangements, exercisable at 445p.

A quick calculation suggests that nrofits of about £25m would be clocked-up by the Morgan men, not counting any appreciation on other shareholdings.

Certainly it would be a good deal for the bank's chairman and chief executive Christopher Reeves who at £9 a share would move comfortably into the millionaire class.

But alsewhere the benefits may be spread more thinly given that the bank had more than 50 directors at the last count.

"This is your increase in Child Benefit—be careful he doesn't swallow it."

Texas bulldog

Everything from hats to egos is megasized in Texas, so it is not surprising to find Gene Burleson, the genial Texan in charge of American Medical International's hig push into Britain's private, for-profit hospital sector, launching the largest Bulldog bond yet issued for e US company on tha London Stock Exchange.

AMI is based in Beverly Hills and arrived in Britain in 1970 when it bought the Harley Street Clinic. Now it is tha largest foreign operator in Britain with 12 hospitals, 21 medical facilities including private emergency, head injury and psychiatric units and more than 1,200 beds.

Burleson, chief executive and managing director of AMI's UK operations, is a 45-year-old with a quiet but unmistakable Texan drawl. After spells as financial director for AMI in Georgia and Texas be came to Britain in 1981 "for a year or so" to sort out tbe financial department of AMI in Britain. He is still here and, having turned determinedly anglophile, intends to remain for the foreseeable future, his wife and family having become just as keen on European life.

AMI has already invested £123m in Britain and Burleson has been wounded by sniping from British competitors who have suggested that the Americans' interests are only in sending money back home. This week's Bulldog bond, or unsecured loan stock, issue of £50m on the London Stock Exchange should put paid to those allegations.

"Our Bulldog issue has a 25-year maturity and underlines AMI's commitment to bealthcare services in the UK. We are already the largest independent operator bere and we will continue to expand our business in the UK," Burleson says.

Bryan's break

The sale of Eastern Airlines to Texas Air will put the Miami-based company's bighly unionised workforce into tha hands of Frank Lorenzo, the bete noire of the airline unions throughout America. Yet in an odd twist to one of tha most traumatic struggles for survival in tha industry, it was one of the leading Eastern unions which finally decided the issue in Lorenzo's favour.

The crucial decision came from Charles Bryan, a militant, battle-hardened union leader who heads the Eastern machinists. Bryan forced the Eastern directors to accept the Texas hid hy refusing any wage concessions by the machinists unless they were accompanied by the removal of Frank Borman, the Eastern chairman.

Other unions had agreed to trim their pay to keep the company going. Bryan said simply that, while he did not want the company to be taken over, Lorenzo was "at least" a businessman wbo put "a high priority on making a profit . . . it may be an opportunity for us."

Behind Bryan's attitude lies a long-standing feud with Borman, the former astronaut, wbo was once regarded as one of the industry's hrightest lights. Relations between the two men hava been uneasy for several years, but they plunged to impossihle levels after a pace-setting profit and stock sharing scheme masterminded by Bryan began to go wrong.

The co-operative scheme brought instant productivity benefits for the group in 1984 as the union moved to more flexible working and took substantial waga cuts in return for 25 per cent of the equity and a seat for Bryan on the board.

But when the renewed discounting war last year forced Eastern back into loss and hrought further demands for wage concessions, the machinists' union decided it had had enough.

Bryan has not spelt out his specific reasons for opposing Borman so vehemently. But he has long argued that Eastern's business strategy had to be hased on sound commercial and marketing policies as well as tightly controlled wages.

Clean hands

Eddy Shah, who next week launches his new national daily newspaper, Today, yesterday explained his views about newspeper economics, the print unions, and the Wapping dispute, to the annual conference of the Institute of Directors in the Albert Hall.

As well as thanking the institute for the support it gave him during his hitter disnute with the National Graphical Association three years ago, Shah spoke of his vision of a multi-newspeper future where even the far-Left Morning Star and the Socialist Worker would be able to make profits.

But be won bis biggest round of applause from an appreciative andience when he announced that, with his new paper, the ink would not come off on your hands.

"I asked the ink manufacturers why they didn't produce ink which didn't come off on your hands," said Shah. "They replied: 'Nobody ever asked us before'."

Observer

Nasser (left) and Mubarak.

Why Egyptians are looking to Nasser

By Tony Walker in Cairo

HIS photograph is displayed increasingly on the streets of Cairo by private citizens. His name is more often mentioned in conversation and in the press. And as Egypt's economic crisis deepens tha policies he stood for gain more popular support to the discomfort nf the mainstream of the ruling National Democratic Party.

At e time when President Hosni Mubarak is warning opposition groups to exercise restraint or risk the consequences, the epparent rebirth of a Nasserist trend is being watched closely in Egypt.

Views espoused by late President Gamal Abdel Nasser, who died, aged 52, of a heart attack in September 1970, appear to be striking a chord in a country where the simpler answers of another era have a certain appeal given the seemingly intractable problems of today.

The late president has always been an uncomfortable historical fact for his successors, who have sought by various maans to curb the influence of his views. Loosely described as Nasserism, these embrace a commitment to Arab unity and represent a form of grassroots socialism.

President Sadat first suspended and then outlawed Nasser's political organisation, the Arab Socialist Union (ASU). Subsequent attempts to form a Nasserite party have been bogged down in the courts, a result of the arcane regulations enacted in the 1970s that gave the Sadat regime effective power of veto over new political parties.

Agitation for the formation of a Nasserite party, however, is growing. One legal impendiment was removed in 1984 when tha Administrative Court decided an application to form a new party had merit, referring to the supreme constitutional court for final judgment. That is where it is lodged.

It aeems a matter of time—and Egypt's legal system on contentious cases is extremely ponderous—before a Nasserite party in some form is approved. It is a prospect viewed with apprehension by the forces of the centre and the right, which are uncertain about the extent of Nasserist support.

There is little likelihood of an improvement in Egypt's financial position in the next few years, so backing for a Nasseritae programme may well be considerable, even though much of what Gamal Abdel Nasser stood for in the turbulent 1950s and 1960s has limited relevance today.

A worrying possibility for those in power in Egypt is that a party that raises the banner of the late president would constitute a powerful rallying point for the Left, whose impact is at the moment diminished because of divisions among the various groupings.

There are even suggestions that a significant element of President Mubarak's own NDP would defect to the Nasserists if e party were formed. Several of Mr Mubarak's top advisers served as Nasser aides.

Judging the strength of the Nasserite tendency is not proving easy. The movement currently comprises two factions: one is led by Kamal Ahmed, a former parliamentarian from Alexandria and prominent figure in Nasser's Arab Socialist Union; the other by Farid Abdel Karim, a lawyer who was also active in tha ASU.

Since the death of President Sadat in 1981, Mr Ahmed has been responsible for pursuing through legal channels permission to form a Nasserite party.

Mr Karim, who operates from dingy offices in Cairo's central business district, says that his group "the Arab Socialist Nasserite Party" is supporting Mr Ahmed's efforts to secure legal sanction for a new political organisation that represents the late president's views. How these two streams will co-ordinate if permission for a party is granted remains unclear.

Mr Karim, who is well regarded by young Nasserists, claims the support of some 40,000 "cadres," and the numbers, he says, are building all the time. His group met for the first time on January 15, 1984 and has grown, he says, into a fully-fledged movement. Government concern about Nasserite activity was underlined by its refusal this year to allow the group to conduct its regular mid-January meeting which coincides with the late president's birthday. The Government is scared of the Nasserists, said Mr Karim, because for them the "Nasserite trend is the most dangerous trend." It is the only party, he added, capable of achieving mass support.

Mohammed Heikal, Nasser's confidante and editor of Cairo's Al-Ahram newspaper in tha 1960's when it was the most influential publication in the Arab world, sees two distinct political threads in Egypt at present. These are the Nasserists and Moslem fundamentalists.

Of the Nasserists, he says: "They are like an army without generals, and that's their dilemma. But they are a very potent movement, between them and the religious trend they monopolise opinion."

Nasserism's relevance today, observed Mr Heikal, is that Egypt will always aspire to be independent. It will always have an Arab commitment and a desire for social justice. These are the Nasserite themes espoused by Mr Karim and his supporters.

Nasserism's eppeal is understandable given that many Egyptians are increasingly questioning the value of close ties with the United States, the Camp David eccords and the "open door" policy of President Sadat aimed at encouraging productive foreign investment, but which is being represented in opposition publications as a conduit for a small group of corrupt officials and businessmen to get rich.

Mohammed Salmawy, an editor of Al-Ahram and a declared Nasserist, says there is e "resurgence of Nasserism after Sadat because people can now compare the two experiments they have lived through and in most cases the comparison is favourable to Nasser rather than Sadat.

"Nasserism," he said, "is basically a means of reaching a degree of social justice without resorting to Communism nr Marxism . . . what people yearn for is social justice as under Nasser and given Egypt's economic situation this idea has strong appeal."

Mr Karim said there were three main problems facing Egyptian society. These were relations with America, the peace treaty with Israel and what he described as the "total annulment" of Nasser's programme which included essistance to the "productive sector," namely workers, leobourers and farmers.

"We believe our interests are very different from those of the US," be said.

One of the accusationa levelled against the Nasserists is that by espousing the political programme of the late president they are threatening a return to the undemocratic practices of the 1950s and 1960s when dissent was stifled and opposition groups, particularly the Moslem Brothers, were treated in a repressive manner.

"Nasser," Mr Karim declared, "was a great democrat. *All* his struggle was to remove nbstructions to democracy." At best this appears a fanciful version of events and one that suggests that Nasserists are having difficulty constructing a contemporary political programme that takes account of the positive and negative elements of the Nasser years.

Mona Makrem Ebeid, lecturer in sociology, member of the traditionalist Wafd opposition party and newspaper columnist, believes the failure of Nasserists is that there is no self-criticism of Nasserism," she said.

Mrs Ebeid is sceptical about Nasserist claims of mass support, but she does acknowledge that memories of the late president and his policies are tinged with a certain nostalgia and that among young people unfamiliar with *the actual circumstances* of Nasser's rule he has become a romantic, even heroic figure.

UK privatisation

How the taxpayer has lost out

By Dr Oonagh McDonald

SIX YEARS on, we can start to see the results of the privatisation programme. Asset sales, at first undertaken for ideological reasons, have increasingly been used to allow the Government tn reduce the hurden on the PSBR. The perversity of treating them as "negative public expenditure" has allowed the Government artificially to reduce public borrowing, and to mitigate the annual interdepartmantal wrangling over spending plans. Last autumn, the Chencellor announced that the next round of asset sales (£4.75bn in each of the next three years) would allow tax cuts "to be brought forward a little."

The truth, however, is that tha total of £11bn raised from asset sales, ranging from the 5 per eent of BP sold in 1979-80, to Yarrow (*disposed of in 1984-1985*) has not reduced the burden of tax for those on averaga or below average incomes. In fact, the proportion of income taken in tax and national insurance contributions for these groups has increased over the past six years.

In the first place, asset sales as a means of boosting government revennes have simply not been successful. The table shows that the Government which prides itself on its understanding nf the market, haa managed to undersell a large number of the assets so far. The share prices of most of the companies sold off have risen much faster than the FT index over the same period. An analysis nf seven major sales shows that while they produced nearly £5bn, they were undervalued by more than a quarter overall. A rough and illustrative estimate, based upon the performanee nf the shares of the privatised companies compared with that of the market overall, suggests that almost £1½bn has been lost on these seven transactions alone. Thia sum could, if re-applied, boost expenditure on roads, sewers, and housing by about 14 per cent for this year.

Moreover, though the Government has turned the other cheek to the Faith in the City report, that £1½bn could dramatically improve both the Community Programme for the long-term unemployed and the urban programme of inner city projects, and still leave enough for a large increase in child benefit. Selling off these assets in a bull market has meant huge speculative gains for pension funds and insurance companies. The Government's credibility has been severely dented. Selling off public assets has raised far less revenue than the Government had hoped.

There is no sign that the sale of British Gas Corporation will be any different. BGC puts its net current assets at over £16bn; financial experts estimata the "market value" at between £6bn and £10bn. If past experience is anything to go by, the Treasury will net only about three-quarters of even the market valnation. Moreover, within the provisions of the Gas Bill, the Government can quite clearly impose a gas levy of of zero—thus adding this loss, nf about £520m to the loss of the £1bn profit made by BGC. If we then consider the costs of flotation, which for the (smaller) British Telecom were estimated at about £323m, the sale of British Gas will not produce the intended financial bonanza—or at least, not for the Treasury. Perhaps, however, tha Government might consider economising on financial advice this time around; tha reputation of City firms has not exactly been improved by their record in handling state sell-offs.

So, the Government should not expect a really major boost to revenue—or at least, not what the assets are worth—which may mean that the Chancellor will find only limited room for manoeuvre next month. This need not have mattered, except that he is now plainly in a corner. The precariousness of the Government's financial position has become clear, with the dramatic fall in tha oil price—each 1 per cent fall in oil prices decreases government revenue by £150m.

However, this in itself need not have mattered, had the Prime Minister not insisted that the value of sterling had to be maintained, and interest ratea kept at a high level to hold down inflation. Asset sales will, therefnre, he earmarked tn maintain the Governmeot's fiscal stance. If the tax cuts are ever to materialise in time for the election, the Gnvernment will be forced to search for something else to sell.

The author is MP for Thurrock and Opposition spokesperson for Treasury and Civil Service matters.

SELECT ASSET SALES: THE SCALE OF UNDERVALUATION

Company	Issue date	Issue price (p)	Market capitalisation at issue (£m)	Present price* (p)	Market capitalisation increase since flotation (%)	Increase in FT index†	Gap between rise in share price and FT index (%)	Undervaluation of issue‖ (£m)
British Aerospace ...	1981	150	148‡	498	232	151	81	120
Cable & Wireless (1)	1981	168	224	607	261	143	118	264
Cable & Wireless (2)	1983	275	275	607	121	59	62	171
Amersham Intl.	1982	142	71	327	130	127	3	2
Assoc. British Ports	1983	112	47§	442	295	83	212	100
Jaguar	1984	165	295	488	196	46	150	442
British Telecom	1984	130	3,916	185	42	34	8	313

Total gross undervalue £1,412m, around 28 per cent of the total gross base value of £4,976m.

* As at February 21. † FT All-Share index over same period as each share price. ‡ Includes £100m paid to company by Secretary of State. § £22m gross proceeds and £25m cash from company. Figue quoted does not include £45m debt written off. ‖ Arrived at by multiplying the percentage in previous column by market capitalisation at issue.

Letters to the Editor

Options for Land Rover

From Mr R. Haywood.

Sir,—The options for Land Rover are far broader than those outlined in your leader (February 19). As a marketing consultant, I would challenge some of its contentions.

You believe that Jaguar has a special niche in a more secure market. But the luxury car market is intensely competitive and vulnerabla to changes in public demand and attitudes. It requires extremely strong branding and a credible reputation for success. There is nothing magical about the Jaguar reputation. Just a few years ago it was poor. Now it is much better, very largely due to marketing—and the recognition by skilled management that customers are buying quality and reliability.

Similar principles apply to Land Rover; branding and quality must be projected strongly through marketing and promotion. The market is no mora crowded than the Jaguar sector. The view that price is as important as specification misunderstands buying motivation. What people buy is largely determined by their perceptions of what is valne for money; this is a consistent fector whether it is a two-stroke Honda motorcycle or a Rolls-Royce.

The flexibility of the manufacturing capabilities of Land Rover and its ebility to meet the needs of the market for e wide ranga nf variants is where it scores heavily: this is e strength not a weakness as you seem to believe.

You acknowledge that Land Rover generates valuable profits from spares supplies but then claim there is room for argument about whether the company needs to make its own engines and other key components. Again, this is a strength of the organisation, not e weakness.

On what basis could you claim that it is "theoretically" possible for Land Rover/Freight Rover to be hived off to an independent company but that it is doubtful that it would earn enough profits? Many recent manegement buy-outs have demonstrated how better profits can be generated when the managers are also the owners of the company.

There could be considerable logic in the association of Land Rover with trucks if the mntual branding were projected more assertively. As e simple analogy, surely the off-road vehicles of Mercedes benefit from the fact that they are produced by e major truck/car manufacturer?. Just as Freight Rover has been strongly branded alongside Land Rover and Range Rover so should the trucks. That way, all of the marketing and promotional efforts on behalf of eech product line would reinforce the corporate credibility of the operation. There is some logic in the trucks having an identity which would bring them closer to the other vehicles, such as Road Rover or Truck Rover.

To argua that General Motors would supply substantial engineering and marketing support is strange. Clearly, one of the main reasons why GM bought Lotus was to have engineering expertise that in many ways is better than its own, and that can progress projects in a fraction of the time that it takes to get them through Detroit. It is ironic that you illustrate GM's success in four-wheel-drive by pointing to its association with Suzuki. This, in fact, is just one example where GM is not strong enough or flexible enough in engineering terms to develop its own projects or to market these intelligently.

The ergument that a takeover would give Range Rover access to the General Motors sales network is rather thin. There are a number of well established distributive networks in the US and a company does not need to be owned by a US corporation to have access to one of these—as many other European manufacturers are demonstrating.

The claim that the sale of Land Rover/Leyland to GM is tha best of a range of poor options is disappointing and defeatist. If it had to be sold to a manufacturer then it should be to one with no UK truck capacity. If the Government allows this sale to GM then it is clearly in a no-win situation. At some time in the future (regardless of any guerantees or promises) GM will have to elose down substantial production, either at Leyland or at Bedford and this will mean massive job losses. It is also possible that Land Rover/Range Rover would be moved out of the UK.

By far the best option would be e properly funded management buy-ont on the basis of a write-off of debts to the Government. The right management with the right market orientation could build a company with an even more sushtantial niche in the market place and even better profits.

The second best option might be to allow this management to sell tha trucks to e suitable European manufacturer—such as Volvo.

The third option might he to sell the company to an existing UK company with special expertise and capabilities (such as Lonrho or Aveling Barford). Selling the operation to GM is the very worst political, economie and marketing option.

Roger Haywood.
19, Stratford Place, W1.

All trains subject to delay

From Mr H. Renwick.

Sir,—For some days there has been e notice board at the station from which I travel on which is written "All trains to and from London are subject to delay or cancellation."

Think about it. Is it possible that all trains to and from the capital of the UK and the Home Counties area in which I live can be so affected?

I am more than aware, indeed, I have been exceedingly troubled that trains bave been delayed and cancelled, and what worries ma is why. Everyone knew there was snow and cold weather coming. Most of us were prepared.

Somehow dear old British Rail managed to get points frozen, signals breaking down, staff not evailable and, on a couple of evenings, Waterloo Station almost at a standstill.

Is it really frozen joints, signal failurea and guards and/or drivers being unavailable?

"No"—is the chorus "it is lack of money." I have e little inkling it is none of these; not even lack of money. I think it is ettitude, don't you? Or does that notice board really mean whet it says, in which case. . . .

H. J. G. Renwick.
1, Oaken Coppice, Ashtead, Sarrey.

Shareholders' rights

From Mr C. S. Butchins

Sir, — The exeellent article by Jim Findlay (February 12) nevertheless fails to explain why share placings are often preferred to rights issues.

Any company issuing shares via a placing is deliberately transferring value from existing shareholders. In most instances one suspects the shareholders in question either ere invited tn participate in the pleeing (if they are significant institutional holders) or ere blissfully unaware of the real cost tn themselves (the great majority of private individuals). *Another case of the small shareholder losing out?*

Other than this "aharea for the boys" argument, I can only surmise that less personal effort is involved in the organisation of a placing *vis-à-vis* a rights issue, and that this may weigh heavily on the minds of hard-pressed company and corporate finance executives.

Clive Bntchins.
97, Furzehill Road, Borehamwood, Herts.

Unfair advantage for charities

From Mr E. J. Anglin

Sir,—I find that the tax advantagea of charitable trusts and the refunds payable under covenants, whether to trusts or to relatives, to be particularly inequitable. They should be withdrawn.

I know that the question *is* a political hot potato. Abolition of the tax advantages would result in special pleading. Charitable trusts of all kinds would argue that their work is indispensable. But I venture to suggest that the money saved by the Government, including administrative costs, could be used to reduce income tax or, to help servicea which badly need money, eg education and health. Those who do charity work may even be able to do more with less income tax to pay.

Why should there be an *increased tax burden on all and* perbaps even more so nn those who are unable or unwilling to enter into covenants? Moreover, as fer as I am aware, trusts have no special checks (what is the legal proportion of administrative expenses to funds received and distributed?) Let all trusts survive on their merits and not because of, or with, tax edvantages. There is no logie or equality in enabling reletives to avoid paying a larger amonnt becanse refunds may be paid to tbe recipients, and because they are in a position to make the required commitments.

E. J. Anglin.
Tree Tops, Kingswood, Tadworth, Surrey.

Takes the biscuit

From Mr R. M. Heseltine

Sir,—It is a sobering thought, particularly for United Biscuits shareholders, that the £362m paid last week by UB to aequire just a 14.9 per cent stake in Imperial Gronp is precisely equal to Imperial Group's total market capitalisation at its nadir only five years ago.

Richard Heseltine.
29 Gibson Square, N1

Ironside

From Dr E. Sams

Sir,—So now we know. What John Jones of Merton (February 15) calls "the orthodox view" about the date of Ironside turns out to be his own guess; and what be calls "fact" about bad *quartos turns out to be a Harold* Jenkins Hamlet hypothesis, which I and many nthers reject.

Eric Sams.
32, Arundel Avenue, Sanderstead, Surrey.

FINANCIAL TIMES
Wednesday February 26 1986

BID TO REVIVE BIOTECHNOLOGY PACT COLLAPSES

Volvo and Fermenta call it off

BY DAVID BROWN IN GOTHENBERG

VOLVO and Fermenta yesterday cancelled their planned SKr 4.5bn ($617m) co-operation pact, aimed at restructuring the Swedish pharmaceuticals and biotechnology industry, after three days of negotiations.

Volvo, the motor and diversified industrial group, also announced plans to bid SKr 1.83hn for the remaining 45 per cent of its Sonessons affiliate which it does not already own, and which was to have been sold to Fermenta under the original agreement.

The deal, which effectively gave the fast-growing Fermenta the Swedish business establishment's stamp of approval, was suddenly placed in jeopardy last week after the admission by its founder, Mr Refaat el-Sayed, that he had lied about his academic credentials.

Fermenta's market capitalisation was more than halved in the ensuing hectic dealing before trading was stopped indefinitely last Friday.

However, yesterday's announcement came as a surprise after the three days of talks between the two groups, which centred on reviving the original pact. Both sides attempted to put the best possible face on the breakdown.

Mr Joesta Bystedt, chairman of Fermenta, said the company bad decided oot to pursue its SKr 3.23bn bid for Sonessons because demands by Svenska Handelsbanken, which was to have issued the prospectus, for additional detailed financial information on Fermenta would have resulted in an "unacceptable delay."

Mr Pehr Gyllenhammer, the Volvo chairman, said the restructuring pact "is still as good as it was a month ago."

But Fermenta's decision meant Volvo was no longer interested in carrying out the planned second stage of the deal.

Volvo was to have sold Fermenta e controlling stake in Pharmacia, Sweden's second largest pharmaceuticals group, and take a 20 to 25 per cent stake in Fermenta.

Volvo was to have paid SKr 215 each for an estimated 6m Fermenta shares. By last Thursday the price of tha stock had dropped to SKr 158 for B shares and SKr 133 for restricted shares.

Mr Gyllenhammar said the group still hoped to act as a catalyst for restructuring the Swedish pharmaceuticals and biotechnology industry, despite the breakdown of the Fermenta deal.

He said: "We do not intend to play a majority role in the long term," but said it was premature to speculate about the group's future intentions on existing holdings in the sector.

If the Sonessons deal goes through Volvo will take full control of Leo/Ferrosan, the pharmaceuticals company, and the Gambro medical equipment company. It already has a 27 per cent stake in Pharmacia.

In addition to Fermenta, trading was stopped yesterday in Pharmacia, Sonessons, Gambro and Dacke (both Sonessons subsidiaries).

S. African gold mine faces strike shutdown

By Anthony Robinson in Johannesburg

ANGLO AMERICAN Corporation's huge Vaal Reef's gold mine complex faced a possible total shutdown yesterday after 12,000 black miners went on strike in protest at the detention by police of nine miners in connection with the killing last week of four black team leaders.

The four men were hacked to death in a mystery attack last week which also left four other team leaders badly beaten. The strikers at the complex, which is the country's second largest gold mining area and employs 40,000 workers, are demanding the release of the detainees who have not yet been charged.

The strike, characterised as an illegal wildcat stoppage by management, preseots the National Union of Mineworkers with a major test of its authority. It is strongly represented oo the mine but cannot be seen to support a strike in solidarity of men suspected of involvement in murder or to interfere in the course of due legal process.

As union organisers tried to organise a mass meeting at the mine, management used the loudspeaker system in the mine hostels and face-to-face contacts with groups of miners to try to persuade the meo to go back to work.

Ten mooths ago Anglo American dismissed 14,000 workers at the south division of the mine, which is near Klerksdorp, 100 km west of Johannesburg, after a boycott of mine stores and liquor outlets and a series of wildcat strikes.

It lost more than 4 tons of gold through this dispute and eventually re-employed 92 per cent of the dismissed workers. A deadlock in the current dispute could lead to similar action, but both management and the miners are seeking to avoid such an issue.

The strike erupted as two other strikes broke out on the Witbank coal basin 250 km to tha east. Some 1,500 black coal miners went on strike at Anglo's Goedehoop colliery near Witbank yesterday, and several hundred more took strike action at the nearby Wolvekrans colliery owned by Rand Mines.

Union sources said the two strikes were connected with long-standing grievances over working conditions. Two weeks ago over 700 men were arrested after unrest in five townships in the area and the burning of six coal trucks.

The latest strike action follows several other violent incidents on the nation's mines this year.

THE LEX COLUMN

Going for the quick single

It is something like 13 years since an issue of gilt-edged stock was last priced to yield less than 10 per cent, before the onset of roaring inflatioo brought about coupons and yields that stuck firmly in the teens.

It is also roughly 13 years since the FT-A industrials were last seeo wearing a multiple of more than 15 times historic earnings, shortly to be carried away by the collapse of the last great merger wave. Anyone with a taste for steering through the markets by means of the rear-view mirror must have had a mild attack of nerves yesterday.

Coincidences are seldom quite what they seem, however. The fall of the 10 per ceot yield barrier has been proclaimed before now, but without any sustained period when the market traded happily at single-figure yields. And it is probably no more than a matter of tactical chance thet the authorities did not try to tap tha market at 9.9 per cent early in 1984.

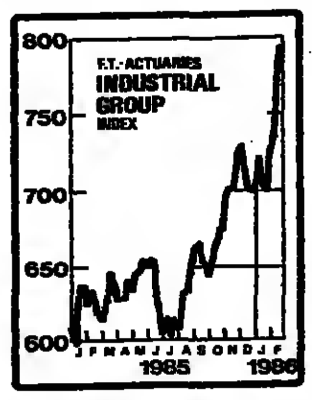
Rather than indicating a nudge towards lower interest rates in general, yesterday's move appears to have been primarily designed to help the jobbers out of their shortage at a conspicuously high price; it certainly managed to cool the market.

An overload of the jobbing system also seems to be a critical factor in the equity market at present.

Evidently unable to clear their bear positions by a morning markdown – since the institutions just kept on buying – equity jobbers were in a corner; reported threats to drive prices up, instead, will on balance have struck much of the market as an invitation to open even weightier long positions for the rest of the account. An 11 point fall in the FT Ordinary will not be much reassurance to the jobbers.

Indeed, the very high volumes at rapidly rising prices may have turned the old dealing structure of the market into a source of risk, a little while before the intended date of the bang.

To be short of stock in these markets may be a very expensive occupation. And although it is possible to argue that equities are discounting rather too much earnings growth – it would need over 30 per cent reported growth to bring down the historic multiple to the favourite 11½ times by the end of 1986 –



most of the signs do still point to a pretty reasonable year for profits.

The risks of investing in UK equities must appear rather ettractive to anyone who is playing with depreciating dollars.

Mexican debt

Mexico's invitatioo to its creditor banks to share some of the burden of producing oil in a bear market might have been timed for the reporting season of the UK clearers. Whatever terrors a 6 per cent ceiling on Mexican interest rates might hold for the market, it had largely forgotten them by yesterday: the clearing bank shares redeemed a good half of Monday's losses with Lloyds, which reports oo Friday, rising 11p to 481p.

It can be argued that the balance-sheet effect might be neitral for the clearers: as Mexican assets deteriorate, so the loans to non-oil debtors improve, and yesterday really was a good buying opportunity. In fact, the damage to the clearers' 1986 earnings from a loan book of some £4bn earning less than the current cost of funds would be substantial but not disastrous. The impact on earnings ranges from well under 5 per cent for NatWest and Barclays to around 15 per cent for Midland on the best guesses; but the prospective dividend cover remains over two times even for Midland. It may well be that an average rating for the clearers of half the market on next year's earnings discounts a Mexican interest rate cap.

This is all very well. But a 1986 bad debt provision, even of 10 per cent, against Mexican assets would badly hole the dividend cover et Midland. And neither the US nor the UK markets are prepared to discount any imitation of the Mexican proposal. Acceptance of the Mexican terms might well impale the banks on the thin ends of two quite large wedges. A 6 per cent interest rate ceiling could fall under the pressure of a continued drop in the oil price, while the Mexican example might be followed by the other oil-producing debtors – or even those importers that had to sweat wheo the oil price was rising. However, by that point the earnings of the UK clearing banks become e rather banal subject for discussion.

Marley

Marley has made as many mistakes as any company in the building materials sector and last year they all came home to roost. Lower profits from all the principal devisions forced the pre-tax total down from £33.1m to £19.6m and, after writing off £13.4m below the line, Marley was left paying the whole of its maintained dividend from reserves. A set of results which would have been almost acceptable in 1981 takes some explaining in 1986 and Marley lives in dread of a Monday morning announcement from any of the companies rumoured to have built up strategic stakes. The group's defences are not exactly secure.

Yet Marley must be less vulnerable now than it was a few months ago. The Aisher family no longer dominates the board, loss-makers have been sold and the balance sheet should soon be put straight by the sale of Payless, the DIY business. If Marley realises something close to £90m, net debt will be extinguished and shareholders' funds will be boosted by about £65m. Last year's miserable result was admittedly not all Marley's fault – the weather was awful in Europe and depreciation of the rand cost £2.3m – but bad luck will be no excuse in 1986. To restore confidence the company needs to produce about £30m pre-tax, not an impossible target because £4m should come from loss elimination alone. At 110p, the shares trade on a prospective multiple of about 12 times, of which only a point or two reflects the long-standing bid premium.

Unionists ease line on Ulster talks

By Margaret van Hattem in London

LEADERS of Ulster's Unionists – who are seeking to preserve the province's constitutional link with Britain – yesterday signalled that they might drop their insistence that the recent Anglo-Irish Agreement be scrapped before they took part in talks on devolution and power-sharing in Northern Ireland.

Their response to a meeting with Mrs Margaret Thatcher, the British Prime Minister, and Mr Tom King, Northern Ireland Secretary, at Downing Street yesterday is the first indication that the strategy behind the agreement might be starting to take effect.

Mr James Molyneaux and the Rev Ian Paisley, leaders of the two main Unionist parties, said after the meeting that they would consider all the proposals raised.

Mrs Thatcher repeated her insistence that there could be no question of scrapping the agreement – which was signed last November and gives Dublin a consultative role in Northern Ireland

However, she did propose setting up arrangements parallel to the Anglo-Irish inter-governmental conference which oversees the accord to enable Unionists to put forward their views. Mrs Thatcher also offered to consult them about the future of the Northern Ireland assembly and about arrangements for handling Northern Ireland business at Westminster.

The two Unionist leaders then asked the Governmeot to chair a conference on devolution in Northern Ireland. They later said their consent to join such talks did not imply their acceptance of the accord.

They would take part only on the understanding that the talks were not "within the parameters of the agreement."

Their response has been welcomed by the British and Irish Governments, neither of whom has envisaged that talks oo devolutioo should be linked to the agreemeot. The agreement says that any issues falling within the remit of a devolved administration should not be the concern of the conference.

This provisioo was designed to encourage Unionists to reconsider devolution and formed the hasis of Mrs Thatcher's suggestion, in a Belfast newspaper last year, that if the Unionists did not like the conference, they could dismantle it.

Mr Paisley and Mr Molyneaux yesterday made much of this provision and of Mrs Thatcher's agreement, written into a joint statement, that "if the ideas raised in our talk today bore fruit, we should need to consider what that meant for the work of the inter-governmental conference."

While dissociating themselves from the organisers of a province-wide strike, threatened for March 3, the Unionist leaders suggested that because of the meeting, the strike was less likely.

Pulitzer Publishing rejects $500m offer from Taubman

BY WILLIAM HALL IN NEW YORK

MR ALFRED TAUBMAN, US property developer and businessman, has offered $500m for Pulitzer Publishing, the family-controlled publishing empire founded by the late Joseph Pulitzer, one of America's legendary oewspaper tycoons.

Mr Taubman, whose business fortune is founded oo real estate but includes Sotheby's, the international auctioneers, has said he will offer at least $91,400 a share for Pulitzer Publishing, whose main newspaper is tha St Louis Post-Dispatch.

The approach which has been rebuffed by Mr Joseph Pulitzer 3rd, the 73-year-old chairman of the family company, highlights the latest in a series of highly publicised family feuds in the lucrative US regional newspaper industry. Mr Taubman was approached by a number of shareholders who wanted to sell their shares in the company and has bought an option to acquire a 20 per cent stake from a dissident family group.

Mr Taubman says his interest in Pulitzer is analogous to his interest in Sotheby's, which he acquired in 1983 after a well publicised fight. Like Sotheby's, Pulitzer's future is at risk because of "unavoidable ownership issues," rather than because of any defect in management.

He admits to having no skills in newspaper publishing but describes himself as "a long-term venture capitalist" providing "the financial means for the organisation to continue, and providing opportunities for senior management to continue."

Over the last year, three other leading family-owned US newspaper groups have been sold after long standing family quarrels surfaced. The most publicised battle occurred early last month when Mr Barry Bingham, senior, 79-year-old chairman of the Louisville Courier-Journal and the Louisville Times, decided to sell his newspapers

Mr Taubman, referring to the recent hattle for control of the Detroit-based Evening News, says he has seen at first hand "what happens when a family-owned media business fails to take into account the divergent interests of succeeding generations until it is too late.

"Inevitably inheritances, the pressure of estate taxes, the desire of some family members for liquidity, all combine to produce irresistible pressures for changes oo ownership. The longer the decisions are postponed, the more likely it is that the result will be a free-for-all that serves no-one's interests," he said.

Mr Taubman added that be had seen in Louisville "the bitterness that can be engendered hy an unwillingness to deal with these issues and the distasteful public interest that results when family disagreements become intertwined with business judgments."

At the turn of tha century, Pulitzer was one of America's leading newspaper chains.

Management finalises finance for Land Rover buy-out bid

BY PETER RIDDELL AND KENNETH GOODING IN LONDON

EXECUTIVES of Land Rover, part of BL, the UK state-owned vehicle group, who bope to organise a management buy-out of the company yesterday completed arrangemeots to raise the necessary finance and placed firm proposals with BL's banker, Hill Samuel.

A group of City of Londoo institutions led by Schroder Venture Managers (SVM) the venture capital arm of the Schroders banking and finance group, have put up the money.

This enabled the Land Rover management consortium, beaded by Mr David Andrews, the BL executive director responsible for the commercial vehicle division, to put in a bid well in advance of the deadline of next Tuesday.

Neither Mr Andrews nor Mr Jon Moulton, the SVM executive believed to be responsible for arranging the financial package, would discuss the position yesterday or give any indicatioo of how much the consortium would offer.

It seems that Hill Samuel, the group's merchant bank, has asked all organisations expressing an interest in any part of BL to give undertakings of confidentiality and that they will not talk to the press.

In the House of Commons yesterday Mrs Margaret Thatcher, the British Prime Minister, told MPs that the March 4 deadline by which interested organisations must express a firm intention of bidding could not be moved. By that date companies should indicate whether they were serious bidders and the rough amounts they would expect to pay, she said.

The special ministerial committee to monitor BL has not yet met, but the signs are that most senior ministers involved do not believe there is yet a feasible alternative to the proposals from General Motors of the US, which has said it is interested in both Leyland Trucks and Land Rover.

GM said last night that it had still not made a formal offer for BL's commercial vehicle business.

Falling oil prices 'eliminate scope for British tax cuts'

BY PHILIP STEPHENS IN LONDON

FALLING oil prices have eliminated the UK Government's scope for tax cuts in its budget next month unless it is prepared to increase its borrowing target, the National Institute of Economic and Social Research says today.

In its latest Economic Review, the institute suggests that, if Mr Nigel Lawson, the Chancellor of the Exchequer, were to stick rigidly to his medium-term financial strategy, he might be faced with the prospect of raising taxes.

The institute's projections were made before the latest fall in the value of the dollar which has further complicated Mr Lawson'e budget arithmetic.

The Treasury's tax revenues from the North Sea are calculated on the sterling oil price, so they are reduced if the pound rises in value against the dollar. At the current level of oil prices e one US cent rise for sterling cuts revenues by around £50m ($74.75m) over a full year.

If sustained, the appeciation of nearly 10 US cents seen this mooth will, therefore, cut the Government's prospective oil receipts by several hundred million pounds.

That rise has strengthened speculatioo that any income tax cuts announced by Mr Lawson would have to be financed by increases in the duties on petrol, alcohol and cigarettes.

The National Institute says that the Government should respond to lower oil prices by loosening its fiscal policy in order to sustain the momentum of economic growth. On unchanged policies it is predicting that the pace of output growth will fall to less than 2 per cent this year from 3.5 per cent in 1985

The institute also argues a package of measures to expand the economy, particularly through reductions in employers' national insurance contributions, could make a significant dent in the present record unemployment total.

Details, Page 6

Gorbachev rejects N-proposal

Continued from Page 1

"In future," he said, "there should be no leaders fenced off from party criticism." Mr Gorbachev added that too frequently Communist Party control turned into petty tutelage or substituted itself for local government organisations.

The meeting of the congress, which goes on for at least 10 days, demonstrates the degree to which Mr Gorbachev and his supporters have gained complete control of the Soviet Communist Party and state in the 11 months since he became party general secretary.

The run-up to the congress is the only opportunity for the leadership in the Kremlin to select a new central committee, the 319-member body which includes all important office holders and is the ultimate authority in the Soviet Union. Local party elections, largely controlled by the central party secretariat and thus by Mr Gorbachev and his men, have allowed him to replace many of the local leaders he inherited from President Leonid Brezhnev's 16 years in power.

The central committee, formally elected by the 5,000 congress delegates, is likely to have a turnover in membership of at least 50 per cent this year, against only 17 per cent at the last party congress in 1981.

Mr Gorbachev's long speech, broken hy series of intervals, laid particular emphasis on developing local democracy in the Soviet Union as e way of ending corruption and mismanagement. He also ettacked what be described as the frequent toadyism and servility of officials.

He said the key problem facing the Soviet Union at home was how to combine centralism and democracy. He said a new law was being prepared giving citizens the right of legal appeal against officials. "We won't move forward unless we work in a new way," Mr Gorbachev told delegates.

World Weather

		°C	°F
Ajaccio	S	14	57
Algiers	C	18	64
Amsterdam	F	-1	30
Athens	C	17	63
Bahrain	S	23	73
Bangkok	C	29	84
Barcelona	F	14	57
Beirut	F	19	66
Belfast	F	3	37
Belgrade	C	0	32
Berlin	C	-4	25
Biarritz	C	10	50
Bombay	S	33	91
Bordeaux	S	5	41
Brussels	F	0	32
Budapest	S	-4	25
B. Aires	S	32	90
Cairo	S	21	70
Cape Town	S	31	88
Caracas	C	27	81
Casablanca	S	17	63
Chicago	C	1	34
Cologne	C	-3	27
Copenhagen	F	-3	27
Corfu	F	16	61
Dallas	—	—	—
Dublin	C	4	39
Dubrovnik	R	6	43
Edinburgh	C	2	36
Faro	F	15	59
Florence	S	8	46
Frankfurt	S	-3	27
Funchal	S	19	66
Geneva	C	9	48
Gibraltar	S	17	63
Glasgow	C	2	36
Guernsey	C	0	32
Helsinki	S	-13	9
H. Kong	C	16	61
Innsbruck	S	-1	30
Inverness	C	1	34
Islamabad	S	23	73
Istanbul	S	4	39
Jakarta	C	31	88
Jersey	C	-1	30
Jo'burg	F	25	77
Lima	S	27	81
Lisbon	F	16	61
London	C	-1	30
Los Angeles	S	35	95
Luxembourg	S	-5	23
Madrid	F	13	55
Majorca	S	16	61
Malaga	F	18	64
Malta	S	18	64
Manchester	F	2	36
Manila	S	29	84
Melbourne	S	23	73
Mexico City	S	23	73
Miami	S	27	81
Milan	F	5	41
Montreal	Sn	-2	28
Moscow	F	-7	19
Munich	S	-9	16
Nairobi	—	—	—
Naples	C	14	57
Nassau	C	26	79
New Delhi	S	20	68
New York	C	4	39
Nice	R	10	50
Nicosia	C	19	66
Oporto	F	13	55
Oslo	C	-4	25
Paris	F	3	37
Peking	F	-2	28
Prague	S	-7	19
Reykjavik	C	0	32
Rhodes	F	18	64
Rio de J'o	S	38	100
Rome	S	18	64
Salzburg	S	-7	19
San Francisco	C	24	75
Seoul	S	3	37
Singapore	F	31	88
Stockholm	F	-7	19
Strasbourg	S	-6	21
Sydney	F	21	70
Taipei	C	17	63
Tangier	F	15	59
Tel Aviv	F	19	66
Tenerife	S	20	68
Tokyo	S	7	45
Toronto	C	-1	30
Tunis	S	23	73
Valencia	F	18	64
Venice	S	2	36
Vienna	F	-5	23
Warsaw	S	-9	16
Washington	—	—	—
Zurich	F	-6	21

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Reagan pledges Aquino backing

Continued from Page 1

that this offer would be respected and that the new Government would not seek to extradite them back to the Philippines.

The Secretary of State also lifted the veil on the Administration's role in the last few hours of the Marcos regime as the White House sought to nudge Mr Marcos into accepting the inevitable.

It appears that what finally tipped the scales was a telephone call Mr Marcos made on Monday afternoon, Washington time, to Senator Paul Laxalt, the personal friend who President Reagan had sent to the Philippines in October to urga Mr Marcos to implement reforms.

Mr Laxalt told reporters yesterday that he told Mr Marcos thet Mr Reagan did indeed want him to quit. "He asked if something could be worked out whereby power could be shared. I said I thought that was impractical," Mr Laxalt said. He said be assured Mr Marcos that Washingtoo would not punish him if he went to the US.

Mr Shultz also disclosed that the Administration was moving urgently to open discussions with the new Government. Mr Philip Habib, who was in Manila last week meeting representatives from all sides of Philippine life and who has clearly played a key role in shaping policy in the past few critical days was already on his way back to Manila.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday February 26 1986

American Express cuts stake in Fireman's Fund

BY PAUL TAYLOR IN NEW YORK

AMERICAN Express, the New York-based financial services conglomerate, said yesterday it planned to reduce further its stake in Fireman's Fund, the California-based property and casualty insurer spun off from American Express through a $906.4m public share offering last October.

American Express, which netted $682m from the sale of 27.2m Fireman's Fund shares at the time of the flotation – reducing its stake to 27m shares or about 41 per cent – said it planned a public offering of up to 10m more Fireman's Fund shares, and warrants entitling holders to a further 10m shares in the insurance unit.

The share offering, when complete, would reduce American Express's stake in Fireman's Fund to 26 per cent and the warrants, when exercised, would leave the group holding about 11 per cent.

Following the initial public offering of Fireman's Fund stock at $25.75 a share in October, the insurance company's stock has jumped sharply. Ahead of yesterday's announcement Fireman's Fund was trading at $37¼ but dropped $1⅞ a share to $35⅜ on news of the American Express plan.

Based on that price American Express would raise a further $355m in gross proceeds from the share sale together with perhaps a further $425m from the sale of the warrants.

American Express said it planned to use the proceeds of the latest share and warrant offering "for general corporate purposes." The group has used some of the proceeds of the previous Fireman's Fund offering, together with the expected $450m proceeds from the soon-to-be-completed sale of its interest in Warner Amex Cable Communications for $450m, to launch a 10m share buyback scheme.

Those moves have generally been applauded on Wall Street as evidence that American Express does not intend to use the proceeds from its asset sales to fund another major new acquisition binge.

Mr James D. Robinson III, American Express chairman and chief executive, said yesterday that the group would maintain its remaining investment in Fireman's Fund after the proposed offering for at least a year.

The American Express move was applauded by Mr Jack Byrne, chairman and chief executive of Fireman's Fund.

Dresdner to drop out of leasing operation

By Jonathan Carr in Frankfurt

DRESDNER Bank plans to give up its 10 per cent stake in Deutsche Anlagen-Leasing (DAL), the troubled West German leasing concern, at the end of next year. But in the meantime it will have to put up more funds – probably close to DM 100m ($43m) – to help DAL out of its difficulties.

This emerged yesterday after a meeting between DAL'a owners. Apart from Dresdner these are Westdeutsche Landesbank (30 per cent), Landesbank Rheinland-Pfalz (26.6 per cent) and the Bayerische and Hessische Landesbanks (each 18.7 per cent).

It is understood that DAL's losses for 1984 and 1985 total about DM 925m – almost double the shortfall feared until recently.

Dresdner is believed to have pledged to take on its share of the shortfall, but to have stressed that it will give up its holding at the end of 1987. With the expected bill for the last two years, DAL's owners will have pumped some DM 3.2bo into the concern.

DAL, active in leasing office and industrial facilities, ran into trouble in the early 1980s. Dogged by management problems, its financial difficulties have repeatedly turned out to be worse than first forecast.

CROCKER DEAL WILL SHAKE UP CALIFORNIA BANK INDUSTRY

Wells Fargo stages a comeback

BY DAVID LASCELLES, BANKING CORRESPONDENT, RECENTLY IN SAN FRANCISCO

WELLS FARGO Bank's $1.1bn deal to buy Crocker National Bank from Midland Bank has done to California banking what the San Andreas fault has long threatened to do to the state itself: give it a good shake.

The deal means not only that two of the state's largest banks are to combine their resources, but also that Crocker will soon pass into the ownership of one of the most no-nonsense US banks west of the Rocky Mountains. As such the new institution, which will have nearly $50bn in assets and rank among the 10 largest in the US, will pose a new threat to California's established banks, notably the biggest, Bank of America, which is badly weakened by its recent problems.

Ironically only five years ago Wells was thought to be the sick man of California banking, burdened as it was with fixed-rate mortgages at a time of rising interest rates. But a change in top management in 1982 brought in a new chairman, Mr Carl Reichardt, a 55-year-old Texan who had spent much of his life in the property business and, according to a colleague "likes to keep things simple."

Mr Reichardt and his like-minded president, Mr Paul Hazen, have turned Wells Fargo into what a competitor with only slight exaggeration calls the McDonald's of the banking business: a highly efficient purveyor of a simple range of banking products to the mass market.

The difference between Wells and the hamburger chain is that it has strictly regional aspirations, in the California market – the largest in the US – and the Pacific rim beyond, making it something of a rarity in the big banking world where internationalisation and securitisation are all the rage.

To the outside world a single event typifies the new Wells Fargo. It decided last May to close its Londoo branch, making it the largest bank to snub a city which considers itself to be the financial capital of the world.

According to Mr Michael Rossi, senior vice-president of the international banking group, the bank's overseas' activities will now be confined largely to handling the trade financing requirements of its California client base – which consists mainly of small and medium-sized companies – and the personal market.

Closer to home, Wells shut 70 of its 380 branches, stripped out dead wood and automated as far as possible. Last year salary, travel and entertainment expenses declined. Wells also made the most of its Wild West image in its advertising, using treasure chests, bags of gold and, of course, the familiar stage coach which still stands in the hall of its main branch in San Francisco.

Although there is sense in Wells Fargo going all-out for the world'a wealthiest banking market, California also represents banking at its toughest, as many have found to their cost. Shortly after the Crocker sale was announced Lloyds Bank of London sold its California subsidiary to Sanwa Bank of Japan.

The Crocker acquisition appealed to Wells for several reasons. Apart from the price, widely viewed as tight, Crocker will bring Wells more branches in southern California, the most affluent part of the state. Crocker itself bas also been stripped by Midland of most of its notorious bad loans as well as its international operations, leaving it a similar bank to Wells – local and lean.

All told Wells-Crocker is expected to have about 38 per cent of the northern California deposit market, and about 8 per cent to 10 per ceot of the southern market, making it the second largest in the state. Competing bankers also expect the combined bank will be in the enviable position of being able to fund itself almost exclusively from retail deposits, and may even have a surplus of funds to sell into the wholesale market.

Normally a merger would be expected to reduce competition but because of Wells' particular nature the deal should "turn up the flame under the simmering pot of competition" as an observer put it. Most obviously challenged is Bank of America, which has about one sixth of the state banking market but is not in the best condition to fight back.

Tougher to beat will be Security Pacific of Los Angeles, widely considered to be California's most successful bank, and First Interstate Bank, based in the same city, which has also concentrated oo regional banking.

Also to be considered are the state savings and loans institutions which bave attacked the banks' traditional deposit and loan markets with some success. Small, but growing, are the Japanese banks which established a foothold in the local ethnic market and bave now set their sights on bigger things.

Despite its go-ahead image, Wells has its weak spots. Although Mr Reichardt has boosted the bank's earnings and strengthened its capital ratios, the loan portfolio is not as strong as be might wish. Wells has more than $1bo in loans to Latin American countries with financial problems – out of a total $23bn – and is by far the largest lender to the California construction industry, one of the state's weak sectors.

Although the bank has traded off some of its Third World loans, loan-loss provisions nearly doubled last year to $372m. Other problem sectors such as property and agriculture may have levelled out but they have yet to bounce back strongly.

These problems will diminish once Wells merges with Crocker's cleaned-up balance sheet, however.

Murdoch launches share offer to finance TV plans in US

BY WILLIAM HALL IN NEW YORK

MR RUPERT MURDOCH, the Australian-born media entrepreneur, will make his first public stock offering in the US shortly to help finance the acquisition of six US TV stations, which will form the nucleus of his plans to establish a fourth US TV network.

Metromedia Broadcasting, which is selling the TV stations to Mr Murdoch's Fox television stations (Fox TV), announced last week that the majority of the holders of its high-risk bonds, financing the TV stations, had agreed to the proposed sale of the Metromedia TV stations to Fox TV. The period for solicitation of consents expired on February 20, and Metromedia said it would not be extended.

Fox TV disclosed that holders of about 82 per cent of the Metromedia debt securities had agreed to the $1.45bn exchange offer and it had been extended until February 27. It is in Mr Murdoch'a interest to persuade as many Metromedia bond holders to accept his offer as possible to eliminate the more expensive financing costs of the Metromedia bonds.

Fox TV is offering cash and/or shares of its increasing-rate exchangeable guaranteed preferred stock to the holders of the Metromedia debt. Fox TV has said it will not issue more than 1.15m shares of Fox TV preferred stock to the holders of the Metromedia bonds it is assuming.

If Metromedia bondholders elect to receive more than 50 per cent of the exchange offer in cash, Mr Murdoch's US investment bankers, Drexel Burnham Lambert and Allen and Company, will proceed with a standby public offering of the Fox preferred stock. It is intended that the preferred stock will be quoted on the American Stock Exchange.

Fox TV stations will be a wholly owned subsidiary of Twentieth Holding Corporation. Twentieth is owned indirectly by News America Holdings, which in turn is a wholly owned subsidiary of News Corporation, the Australian parent of Mr Murdoch's rapidly expanding global media empire. After the acquisition of Fox TV, Mr Murdoch will effectively control at least 51 per cent of the voting power of Twentieth Holdings, Fox TV's new parent.

On completion of the deal Fox TV's balance sheet on a pro-forma basis will consist of $1.3bn of long-term debt, including the $1.15bn of new preferred stock, and $670m of equity. However, Mr Murdoch's actual investment in Fox is considerably less than $670m because Fox TV has lent $350m to its parent

CGE sets up venture capital funds

By Paul Betts and David Marsh in Paris

COMPAGNIE Générale d'Electricité (CGE), the nationalised French electronics, telecommunications and engineering group, is setting up a European venture capital fund backed by US and European banking and industrial groups, to invest $50m in promising new companies in western Europe.

The partners of CGE include the US investment group Shearson Lehman – American Express, UK investment bank S. G. Warburg, Société Générale de Belgique, Olivetti and major other French enterprises and banks led by Credit Lyonnais.

The new European investment fund is expected to be formally announced in the next few weeks. It will be based in Paris but the fund is understood to have been granted special concessions by the French monetary authorities, including the easing of foreign exchange control constraints to give it maximum flexibility.

The new European fund is modelled oo a US venture capital fund set up last year by CGE and Shearson Lehman-American Express.

The US venture capital fund, based in Boston and called SV Eurofund, totals $163m, with $100m put up by US investors and $63m by participants from Europe. The European partners have already invested $12m in 12 small high-tech companies in the US, after reviewing a total of 1,000 projects. The new European fund is expecially aiming to invest in high-tech companies in West Germany and the UK, as well as other European countries such as Spain, Italy and France.

Vancouver bank acts to defuse rumours

BY BERNARD SIMON IN TORONTO

BANK of British Columbia, based in Vancouver, announced a 38 per cent rise in first-quarter earnings yesterday as part of an effort to defuse reports that it was in financial difficulty.

A senior bank official confirmed that the Canadian Government turned down the bank's request for emergency funding late last year in the wake of a run on deposits at several small Canadian banks and the collapse of two Alberta institutions.

But the official said greater stability of deposits in recent mooths had made the funding package unnecessary. He added: "We haven't pursued it further." There has been speculation that other banks, Canadian-owned and foreign-owned, have considered a takeover of Bank of British Columbia.

The bank's retail deposits, accounting for more than half the total, have risen each month since last July.

According to the official, wholesale funding "stabilised much better than we expected," following last autumn's small bank crisis.

Release of the bank's first-quarter results was advanced to counter adverse reports on its financial condition. Net income rose to C$1.7m (US$1.2m), or 3 cents a share in the three months to January 31, from C$1.3m, or 2 cents a share, a year earlier. Assets increased by 3 per cent to C$3.09bn. The bank said a recent rise in domestic interest rates and lower oil prices might have a "dampening effect" on earnings if they continued for any length of time.

The bank suffered a pre-tax loss of C$20.2m in fiscal 1984, but a comprehensive restructuring completed a year ago by a new management team strengthened its capital base and removed much of its non-performing loans. The ratio of capital to reserves was 6.9 per cent last October, the highest for any Canadian bank.

Holzmann revenue slips 10%

By Our Frankfurt Correspondent

PHILIPP HOLZMANN, one of West Germany's leading constructioo concerns, reports group revenue down 10.6 per cent to DM 7.3bn ($3.1bn) last year – a drop which would have been much sharper but for buoyant business in the US.

The company said profits were "appropriate" to the difficult situation but gave no details. Net profit dropped to DM 42m in 1984 from DM 48.7m a year earlier.

While domestic building revenue slumped by almost 15 per cent to DM 2.2bn in 1985 – partly because of the bitter winter weather at the start of the year – foreign revenue was down by 8.6 per cent to DM 5bn.

Holzmann's companies in the US profited from the construction boom there and raised revenue by about 20 per cent. Foreign business elsewhere dropped sharply.

General Refractories to sell out in Europe

BY ANDREW BAXTER IN LONDON

A MAJOR player in the European market for refractories – heat-resistant linings for furnaces – may change hands soon as part of a plan by General Refractories of the US to sell its European operations.

General Refractories, based in Bala Cynwyd, Pennsylvania, has hired Samuel Montagu, the UK merchant bank, as financial adviser and investment banker for the proposed sale of all or part of its General Refractories European Group.

The division is based in Vienna. It includes all the company's European refractories and building products operations, which in 1984 had sales of $180m and net profits of $2.7m. More than half the business is on the refractories side, and the company claims to be among the top three European producers.

The division has 3,300 employees, and plants in West Germany, Greece and Austria, where it also mines magnesite.

Last year, a Sch 585m leveraged buyout proposal by the chairman of the European group fell through.

That would have been worth about $24m at exchange rates prevailing last summer, but General Refractories said yesterday it expected to raise more than $32m now, as the dollar had fallen. The company has already had expressions of interest from Austrian investors.

General Refractories as a whole has 4,400 employees and had revenues of $311m in 1984. It plans to use proceeds from the proposed European sale for diversification in the US, where its refractories business has been hit by the problems of the steel industry.

Last year Mr Raymond Perelman and his Belmont Industries company took control of General Refractories after a proxy fight.

Constantia share sale

By Patrick Blum in Vienna

THE SHARE issue in Constantia Industrieholding, holding company of one of Austria's largest private industrial groups, has been heavily oversubscribed.

Girozentrale Bank, which is lead managing the issue, said order volume for the Sch 145m worth of shares exceeded Sch 4bn ($242m).

Because of the high demand, Constantia is to increase by Sch 10m to Sch 25m the nominal amount of shares on offer.

The total shares on offer – at Sch 970 each – will represent just under 8 per cent of the company's Sch 320 capital. Next month it intends to issue a further Sch 20m nominal of shares through a rights issue.

NMB steps up dividend as profits jump 29%

BY OUR FINANCIAL STAFF

NMB, one of the big three Dutch banks, has reported higher profits for 1985 and plans to step up its dividend to Fl 8.50 a share from the Fl 8 paid for 1984.

Net profits rose 29 per cent to Fl 140m ($52.8m) following good trading on the banking side and a 22 per cent increase in bourse and foreign exhange commissions. There was also lower risk provision.

At the half-way stage, when net profits were running 18 per cent ahead, NMB forecast improved results for 1985 as a whole. In the event, overall credit volume at Fl 46.2bn improved 3 per cent to 7 per cent.

Gross revenues rose 8 per cent to Fl 2.01bn last year. Staff costs went up by a relatively moderate 5 per cent, but the cost of depreciation and non-recurring expenses – mostly as a result of bank automation – was a more significant burden.

Earnings per share emerged at Fl 18.34, against Fl 17.73. Capital was increased 25 per cent during the year. Balance sheet total at end December was Fl 70.2bn, against Fl 68.3bn a year earlier.

Last week Amro Bank reported a 35 per cent increase in net profits to Fl 340m for 1985. It too, announced a reduction in loan loss provisions, plus buoyant financial market trading.

Exxon to close Bermuda unit

By Roger Scotton

EXXON, the biggest US oil group, is ending its Bermuda-based insurance management operations as part of a drive to cut costs.

It is winding down Exxon Insurance Services which runs the oil group'a big captive insurer Ancon and managed gross premiums of $146.5m in 1984, the latest year for which figures are available. Ancon, which is incorporated in Panama and generates annual dividends of $65m for Exxon, will continue to operate out of Bermuda.

Work carried out by Exxon Insurance Services is expected to be transferred to New Jersey by June.

Brown Boveri chief resigns unexpectedly

BY JOHN WICKS IN ZURICH

BROWN BOVERI, the Swiss electrical engineering group, yesterday announced the unexpected resignation of Mr Piero Hummel, its chief executive and chairman of the board management committee. Mr Hummel is also resigning from the board of directors.

A brief communiqué from group headquarters in Baden gave no reason for Mr Hummel's resignation, which becomes effective on Friday, but it is understood to have been prompted by differences over policy with Dr Fritz Leutwiler, the new chairman.

It is likely that Dr Leutwiler himself will take over as chief executive for the time being. Brown Boveri said the board would consider a replacement for Mr Hummel on Monday.

Dr Leutwiler, the former president of the Swiss National Bank and chairman of the Bank for International Settlements in Basle, was appointed chairman last June. Large shareholders have looked to him to reinvigorate the Swiss-based group, which has been losing its shares of world markets in some of its traditional products and has not succeeded in expanding its product base.

In December, Dr Leutwiler announced a management restructuring, due to be completed next autumn, shifting the emphasis from a geographical organisation to product divisions.

Mr Hummel worked closely with Mr Franz Luterbacher, Dr Leutwiler's predecessor, whose deputy he became in 1976. He has headed the group management committee since 1978.

The board of Brown Boveri is due to announce the 1985 corporate results next week. In December the company said consolidated earnings would increase but not as fast as in 1984, when the group returned to the black, posting net earnings of SFr 85m ($44m) on SFr 11.2bn, against a 1983 loss of SFr 52m.

At the same time, it is announced thet employees of Brown Boveri's French subsidiary are next week to be presented with a far-reaching reorganisation programme. This is claimed to foresee something like a 30 per cent cut in the more than 13,000 workforce.

The Swiss parent said last year that the French operation had remained a problem in 1985, with "substantial losses and poor capacity utilisation."

INTL. COMPANIES & FINANCE

Banco de Bilbao lifts earnings 31%

BY DAVID WHITE IN MADRID

BANCO de Bilbao, Spain's fourth-ranking bank, has achieved a 31 per cent increase in its consolidated net profits for 1985 to Pta 19.09bn ($132m).

Two thirds of the group's earnings, which include 49 subsidiary banks and companies, are being used to reinforce reserves.

The parent bank, which has its shares listed in Frankfurt and London, raised its net profit by 18 per cent to Pta 13.58bn and is proposing a dividend of Pta 140 a share, up from its last payment of Pta 125.

The result came after making total provisions at parent bank level of Pta 45bn, 32 per cent more than a year ago.

Mr José Angel Sanchez Asiain, chairman, attributed the earnings growth to the bank's success in cutting its financial costs. He said that the current year "also has to be good."

The bank increased the proportion of low-cost deposits and expanded its lending activity by 8 per cent. Operating profits, which reached 2.7 per cent of average assets, showed a rise of 32 per cent to Pta 52.6bn, which Banco de Bilbao said was the largest of any Spanish bank last year.

The improvement came despite a relatively modest growth of 5 per cent in customers' deposits to Pta 1.370bn.

Italian deals help lift Paris bourse

BY PAUL BETTS IN PARIS

THE CURRENT euphoria of the French bourse – the main share index has risen 15 per cent this month to extend the gain since January 1985 to 80 per cent – has been further stimulated by a series of investment transactions involving large Italian groups.

The most striking deal has been the FFr 500m ($69m) acquisition by Mr Carlo de Benedetti of a 19.4 per cent stake in Valeo, the French car components group, through his Italian holding company, CIR. At the same time, Mr de Benedetti, chairman of Olivetti, has also bought back for about FFr 400m a 2 per cent stake in the Italian office equipment group held by CIT-Alcatel, the French telecommunications and electronics company controlled by the nationalised Compagnie Générale d'Electricité (CGE) group.

Two other transactions currently exciting the bourse are negotiations between Fiat and Matra, the French state-controlled defence and space group, and the move by Ferruzzi-Eridiana to increase its stake in Beghin-Say, the French sugar concern, from 40 per cent to close to 50 per cent.

The Fiat-Matra negotiations are now at an advanced stage and involve the merger of the car components activities of the two groups into a new combined company expected to be controlled by the large Italian car group. If the Fiat-Matra deal is completed and Mr de Benedetti confirms his intentions to become the largest single shareholder in Valeo, a predominant part of the French car components industry will come under Italian control.

The two Matra subsidiaries to be merged with Fiat's car components businesses are Jaegar and Solex which employ between them about 9,500 people

Valeo, France's largest car components group with annual sales of FFr 11.4bn, expects to return to the black this year after two years of heavy losses and sweeping restructuring.

These moves confirm a major shakeout in the French car components sector. Recently, Renault, the troubled state-owned car group, abandoned the car electronics component business by selling its majority stake in Renix to Bendix, a subsidiary of the Allied-Signal of the US.

The increase in Ferruzzi-Eridiana's shareholding in the French Beghin-Say sugar group has caused speculation that the Italian concern was now seeking to take full control of the French company. However, in a statement issued at the weekend, the Italian group and Beghin-Say claimed that the latest transaction would not change the control of the company nor breach agreements between Ferruzzi and Beghin-Say in 1981 whereby the Italians pledged they would not seek to take full control of the French group.

Ferruzzi increased its stake in Beghin-Say to 45 per cent. by buying last week an additional 5 per cent stake in the French sugar concern owned by a subsidiary of Tate and Lyle, the UK sugar company.

Mr de Benedetti's decision to buy back CIT-Alcatel's 2 per cent share in Olivetti reflects the Italian entrepreneur's longstanding efforts to repurchase the French interest in the Italian office equipment company.

INTL. COMPANIES & FINANCE

Regulatory boost for Bell BHP bid

BY LACHLAN DRUMMOND IN SYDNEY

BELL RESOURCES, Mr Robert Holmes à Court's Perth-based investment vehicle, yesterday received a double boost to its bid for effective control of Broken Hill Proprietary (BHP), Australia's largest company.

This came from a regulatory move which should help tha flow of acceptances to the bid, and a cut in the official domestic oil price which helped widen the gap between BHP's market price and the Bell offer.

At the same time there were growing signs that union and state government pressure—in part BHP-inspired — would prompt an inquiry by the Trade Practices Commission into the offer, a delaying move likaly to be detrimental to Bell.

BHP shares dropped as low as A$6.50 before closing 18 cents down at A$6.54 yesterday. This followed the announcement of a cut in the Australian price for cruda oil from almost A$44 to A$27 a barrel as the Government adjusted its import parity pricing structure in line with world market moves and a slight firming of tha Australian dollar.

Tha cut, which applies from March 1, say 5.5 per cent wiped from the valua of shares in the oil and gas index and is forecast by brokers to take as much as A$170m (US$119.7m) from BHP net profits in a full year.

Meanwhile, Caltex, the US-owned oil refiner and marketer, said it would suffer A$50m of irrecoverable costs in the current half-year to Juna, despite government concessions designed to eliminate the impact of inventory lossea. Caltex yesterday reported net profits up from A$15m to A$38m for 1985.

Although tha drop in the BHP share price to more than A$1 under the Bell offer—of $7.70 a share for 50 per cent of each shareholding—will help the bidder's cause, the biggest boost came from a National Companies and Securities Commission (NCSC) decision to allow the so called multiplier effect to come into play.

This will allow a shareholder to accept the offer for half of the stake whila allowing a buyer of tha residual holding on market in turn to accept the offer for 50 per cent of these shares—and so on down the chain in a series of acceptances and sales.

This could considerably increase the number of shares tendered to Bell's offer.

BHP responded angrily, saying it was astounded that the NCSC made the decision without consulting the target company. The multiplier effect would work to the advantage of the more sophisticated investors to the detriment of small shareholders, it added.

North Broken Hill share sale ordered by court

BY OUR SYDNEY CORRESPONDENT

A VICTORIA Supreme Court judge yesterday ordered that a A$55m (US$38.7m) parcel of shares in North Broken Hill Holdings should be sold and the proceeds given to the state Treasury.

The holding of almost 7 per cent in North is claimed hy Mr Ron Brierley's Industrial Equity (IEL), which is bidding for a 40 per cent total stake. The disputed parcel was earlier this year invested in the National Companies and Securities Commission (NCSC) by the court at the request of North.

North had sought through the court to establish the identity of the beneficial owners of the shares after its formal inquiries had been frustrated by a continued interposing of nominees to mask the ultimate owner.

Australia's securities law requires responses from nominee holders within two business days. IEL's elaborata efforts legally to frustrate the notices were halted when a Swiss bank failed to meet the deadline.

IEL is to appeal, and Mr Justice Fullagar has applied a stay of proceedings until a full hearing on March 21.

Improvement at Sapporo and Asahi breweries

BY YOKO SHIBATA IN TOKYO

SAPPORO BREWERIES and Asahi Breweries, which rank immediately behind Kirin in the Japanese beer market, yesterdey reported improved results for 1985, a year which brought a revival in consumer demand.

The industry upturn aftar the previous year's sales slide was attributed to unexpectedly hot summer weather

Sapporo lifted pre-tax profits by 9.7 per cent to Y10.69bn ($8.66m), topping the Y10bn mark for the first time.

On sales of Y402.55bn, net profits rose 1.8 per cent to Y4.5bn. The dividend per share is unchanged at Y5.

For the current year, Sapporo hopes to benefit from a lower malt price caused by the yen's appreciation. The company is also expected to complete an outline redevelopment plan for its former plant site in Ebisu in Tokyo hy March or April.

At Asahi, pre-tax profits surged by 14.8 per cent to Y3.27bn, with net profits of Y1.36bn, up 1 per cent from the previous year. Sales improved 5.3 per cent to Y236.38bn. Its dividend is also being maintained at Y5.

Profits ahead 86% at Sons of Gwalia

By Kenneth Marston, Mining Editor

SONS OF GWALIA, Australia's revitalised veteran gold producer, boosted net profits 86.6 per cent to A$6.14m (US$4.32m or £2.96m) in the first half to December. The interim dividend is lifted to 12.5 cents from 7.5 cents; the previous year's final was 8.5 cents.

Mr Peter Lalor, the managing director, says gold production for the second half should be in line with that of the first six months, but revenues is expected to increase further as a result of the forward gold sales programme.

● Aztec Exploration, a small Australian gold company, has entered the dividend list with a maiden payment of 1 cent. This will absorb A$900,000 of the net profit of A$3.95m earned in 1985, which compares with a loss of A$4,000 in the previous year.

● Brunswick Oil has reported a first gold pour of 370 oz from its A$11.6m Galtee More mine in Western Australia, three weeks ahead of schedule. During commissioning the plant achieved its annual ore milling rate of 200,000 tonnes

AECI surmounts difficulties

BY JIM JONES IN JOHANNESBURG

AECI, South Africa's largest diversified chemicals group, was adversely affected by the country's economic recession in 1985, with volume sales to consumer-based industries redneced and overal trading margins remaining under pressure.

However, sales of industrial chemicals and explosives to the mining industry increased, while the rand's decline helped eliminate competition from imported plastics products. As a result overall volumes were more or less unchanged on the previous year, according to Mr Mike Sander, the managing director.

Turnover increased hy 16 per cent to R 2.34bn ($1.17bn), and pre-tax profits were R 162m against R 157m. Export sales increased to R233m from R 173m, purely because of the rand's external weakness.

The group's explosives monopoly will end in the second half of this year when Sasol, the state-financed oil-from-coal manufacturer, brings explosives manufacturing capacity into production. Mr Chris von Solms, who heads AECI's explosives division, is confident the company will cope effectively with the new competition.

AECI itself is hoping to compete against Sasol in the synthetic fuels market. Proposals for the construction of a R2.5bn plant prodncing petrol and diesel fuel were presented to the Government late last year. Mr Sanders says that the technical processes incorporated in the project are well proven. However, the proposed plant will, like Sasol, need assistance from the state if it is to be financially viahle.

Earnings per share rose to 74 cents from 72 cents and tha total dividend has been maintained at 55 cents. AECI's largest effective shareholder is Anglo American Corporation. ICI, the British chemicals group, has a 38 per cent effective interest.

Toyota South Africa in the red

BY OUR JOHANNESBURG CORRESPONDENT

TOYOTO South Africa, the country's largest motor manufacturer, was pushed into the red in 1985 by a combination of lower sales, higher foreign exchange losses, a lower operating profits and a higher interest hill.

Operating income was cut to R37.9m ($19m) from R84.5m the net interest payment quadrupled to R27.6m and the foreign exchange loss increased to R58m from R32.8m. As a result, there was a taxed attributable loss of R53.6m against profits of R29.9m in 1984.

Sales of vehicles by the motor industry as a whole fell by almost a quarter in 1985 because of high rates, higher prices and the Government's austerity measures. Toyota's vehicle sales dropped by 15.4 per cent to 85,093 units.

There was a per share loss of R13.38 last year and, as a result, a final dividend has not been declared. There was an interim dividend of 25 cents. In 1984 earnings per share totalled R7.35 and a total dividend of R.1.60 was declared.

Toyota South Africa has no equity links with the Japanese company of the same name but is controlled indirectly by Anglo American corporation, South Africa's largest mining and industrial conglomerate.

Sembawang sees upturn

BY JOYCE QUEK IN SINGAPORE

SEMBAWANG SHIPYARD of Singapore expects a gradual improvement in operating performance for 1986 after extraordinary provisions dragged it further into the red last year.

After write-offs totalling S$52.9m (US$24.7m), largely in fleet depreciation, the net loss widened to S$47.3m against S$9.9m.

The figures masked a second-half recovery that brought improved turnover despite poor market conditions. This, coupled with cost reduction measures, returned the ship-repair business to profitability.

However, depressed freight rates left the shipping division with after-tax losses of S$8.5m compared with S$7m.

Benguet slides into deficit

BENGUET CORPORATION, one of the major copper and gold producers in tha Philippines, lost Pesos 127.5m ($5.78m or £4.43m) in 1985 compared with a profit of Pesos 141.6m in the previous year, Our Mining Editor writes.

Mr Jaime Ongpin, the president, attributes the loss to lower metal prices, production problems and a substantial increase in financial expenses.

INTERNATIONAL COMPANIES and FINANCE

Cautious tone in Eurobond market

BY ALEXANDER NICOLL

NEW ISSUES continued to flow steadily but cautiously into the Eurodollar bond market yesterday, while the dollar's fall and swap opportunities helped to spur several deals in Switzerland and West Germany.

The fixed-scale Eurobond market is still displaying a widening spread with New York, and this is not helping digestion either of new issues or of the large number launched last week. Prices rose slightly in the secondary market yesterday.

Pepsico Capital Resources, with the guarantee of the soft drinks manufacturer, is raising $100m for five years in a deal led by Salomon Brothers International and viewed in the market as aggressively priced. It has an 8⅞ per cent coupon and 101¼ pricing and was quoted at or just outside its fees.

Bayerische Vereinsbank, based in Munich, launced a $100m isue for an overseas subsidiary which was thought in the market to be destined for a swap with a DM 225m issue for Philip Morris. The German bank's offering, latest in a series of bank fixed rate issues, is for 10 years with an 8⅞ per cent coupon and par pricing. It was launched late in the day at a spread of 35 basis points above US Treasuries after taking account of the fees.

Japan Development Bank made a $50m issue with a government guarantee, led by IBJ International. It is priced at 101 with an 8½ per cent coupon, and also met a cautious response, being quoted at a discount equivalent to the fees.

The floating rate note market saw an innovative twist from Banque d'Arbitrage de Tresorier et d'Investissements Financiere (BATIF). The bank, with the guarantee of its parent, the French industrial group Thomson, launched a straightforward $100m FRN and a separate issue of 100,000 warrants which can be used to set an interest rate floor. Banque de Paribas Capital Markets is leading both deals.

The 10-year notes carry a spread of ⅛ above six months London interbank offered rates (Libor). Each warrant, sold initially at $35, entitles the holder to receive an interest payment on notional principal of $1,000 amounting to 8 per cent minus Libor at the level prevailing on each semi-annual coupon date for the notes.

The warrants are each effectively a series of 20 six-month options. The market viewed the $35 pricing as about right on options pricing models, but doubted whether they would develop a very active and liquid market.

The package allows the borrower to obtain sub-Libor funding, with the spread over Libor on the notes more than compensated by the warrant income. But the risk is that Libor will go below 7½ per cent—the rough level at which it is worth the holder exercising the warrants—for substantial periods during the securities' life. The effective minimum interest rate it will pay is therefore well above that on other FRNs which have a minimum coupon.

Elsewhere in the dollar sector two units of the Mitsubishi group launched five-year bonds totalling $90m with equity warrants, and with Mitsubishi Bank's guarantee. Tokyo Construction is issuing $50m of bonds via Yamaichi International (Europe) and Pasco Corporation, which conducts aerial geographic surveys, is raising $40m through Nikko Securities (Europe) with an indicated coupon of 4½ per cent. Both sides have indicated exercise premiums of 2½ per cent and were doing well.

The Canadian dollar section saw a continuing spate of new issues despite the fact that the national budget is due today. Sears Acceptance, with the guarantee of Sears Canada, launched a C$100m seven-year deal led by Wood Gundy with a 10 per cent coupon and 100⅜ per cent pricing. A C$50m issue was launched by Orion Royal Bank for Montreal Trustco. It has five-year life, a 10 per cent coupon and a price of 100¼.

The issues, launched at spreads respectively over Canadian Treasuries of 60 and 76 basis points after taking the fees into account, were both selling slowly, which is fairly normal in this sector. They were quoted at discounts about equal to their fees.

Kawasaki Steel Corporation launched a Y10bn Euroyen deal led by Yamaichi, with a seven-year life and pricing at 101½ on a 6½ per cent coupon.

In West Germany the DM 225m for Philip Morris was viewed as tightly priced but, helped by its popular name among continental investors, it was fairly well received. Led by CSFB-Effectenbank, it has a 10-year life, 6 per cent coupon and par pricing.

The Export-Import Bank of Korea made a DM 100m five-year issue led by DG Bank with a 6⅞ per cent coupon and par price. Although the borrower does not carry the guarantee of the South Korean Government, the state guarantees to make good the bank's losses. The issue also met a reasonable response.

The coupon on the DM 130m issue for Wella was cut to 2½ per cent from the 2¾ per cent indicated yesterday. The West German market saw fairly good demand yesterday, particularly during the morning with prices up ¼ to ½ point, helped by the dollar's fall and some hopes of lower German interest rates as well as strong economic fundamentals.

In Switzerland, Unocal, the US oil company, launched a SFr 201m 10-year deal with a 5¼ per cent coupon and pricing of 99½ per cent, led by Union Bank of Switzerland and intended for a swap.

The Inter-American Development Bank is raising BFr 200m for 15 years with an indicated coupon of 5¾ per cent, led by Swiss Bank Corporation, with a call after 10 years. SBC is also leading a SFr 100m 10-year bullet issue for Portugal, with an indicated coupon of 5¾ per cent and a SFr 77.3m five-year deal for Compagnie Nationale du Rhone, a canal company, with a 4¾ per cent coupon and 100½ price.

The Swiss market was unchanged to slightly weaker. Firestone Tire and Rubber's SFr 200m issue closed its first day's trading at 99½ against a par issue price and Brierley Investment's SFr 100m convertible finished at 104¾.

KLM issue to dilute state holding

By Our Financial Staff

KLM, the Dutch airline, plans a share issue aimed at diluting the state's shareholding in the company to less than 40 per cent. The offering could raise more than $340m.

To be placed worldwide, the issue will be led by Merrill Lynch and Algemene Bank Nederland. Proceeds will be used for general corporate purposes, including outlays on new aircraft.

At the same time KLM is negotiating the issue to the Government of a new class of convertible preference shares that would give the state a majority holding in KLM if converted into common stock.

The Dutch government wants this option in case other countries move to restrict KLM's local landing rights. Such a move would also allow the Government to fend off unwanted takeover attempts and to reinforce its position as KLM's dominant shareholder. It would also inject additional capital into the airline.

The international offering will consist of 15m shares, of which 6¾m will be sold in the US and the rest internationally. It will reduce the Government's stake in KLM from 54.8 per cent to 39.4 per cent. If outstanding KLM warrants were to be exercised, this holding would decline further to around 36 per cent.

KLM, which recently paid its first dividend for six years, expects net profits for the year ending March 1986 to be broadly in line with the Fl 290m ($112m) of 1984-85.

● Amer Group, the Finnish diversified consumer goods company, plans a new share issue aimed at overseas investors.

The issue would consist of a maximum 1.6m A shares. It stands to increase the amount of free shares to 20 per cent of Amer's capital from the present 9 per cent.

Canadians develop a taste for overseas securities

CANADIAN INVESTORS, whose horizons have traditionally been limited to North American markets, are placing a rapidly growing slice of their funds in overseas securities.

Their enthusiasm for offshore investments is reflected in surprisingly large subscriptions from Canada for recent international equity issues. Nestle, the Swiss food group, sold one-eighth of its US$200m equity issue last year in Canada.

Last July's Britoil share offer, which is widely acknowledged as a milestone in fuelling Canadian interest in overseas markets, attracted orders worth C$200m, equal to more than twice the number of shares earmarked for Canada.

Mr John Plaxton, vice-president of Wood Gundy, the Toronto-based securities firm which has handled most of the recent international equity issues, says that despite a smaller economy and a smaller population than the US or Japan, Canada's "appetite for foreign securities is about the same."

Daimler-Benz, Swiss Bank Corporation and Broken Hill Proprietary of Australia are among other companies which have sold a significant portion of recent share issues in Canada. Wood Gundy is negotiating the first local equity offering by a Japanese company. The Canadian portion of British Gas's issue later this year is expected to reach between C$400m and C$500m.

Canadian law bars pension funds and other institutions from holding more than 10 per cent of their assets outside the country. Despite vigorous lobbying by the institutions, there is little chance of this rule being significantly relaxed in the foreseeable future. Without it the Canadian dollar (which hit a record low earlier this month) and the Toronto and Montreal stock exchanges would lose an important prop.

The Federal Government has proposed one concession which would allow institutions to expand their foreign portfolios by C$3 for every C$1 invested in a Canadian small business. Draft legislation was published last November, but is expected to be bogged down for some time by negotiations between the Government and private sector.

Many pension funds have been able to generate larger amounts for overseas investment by lowering the proportion of their 10 per cent foreign allocation earmarked for US markets.

Shell Canada's pension fund for example, has more than

BERNARD SIMON finds investors in Canada can match those in Japan and the US in their appetite for foreign shares.

doubled the proportion of its non-North American assets in the past three years to 4 per cent of its total portfolio. Mr Neil Jacoby, the fund's manager, says: "Our objective is to have our 10 per cent exposure roughly reflect the capitalised weighting of foreign markets."

While Canadian pension funds have traditionally channelled between 80 and 90 per cent of their foreign portfolios to the US, North America makes up only half of world stock market capitalisation.

According to Statistics Canada, Canadians' net purchases of securities in Britain soared from C$49m in 1983 to C$94m the following year and C$278m in the first 11 months of 1985. Transactions in the rest of Europe have swung from net sales of C$132m in 1983 and 1984 to net purchases of C$17m between January and November last year. The same pattern has recently emerged in dealings with Japan.

Almost all the pension funds and mutual funds dipping into overseas markets still rely on foreign managers to take care of their offshore portfolios. British merchant banks and other investment advisers have so far picked up the bulk of the business.

The Ontario Municipal Employees' Retirement System, Canada's largest pension fund, has retained Baring Brothers International, Ivory and Sime of Edinburgh, and IDS Advisory of London, as well as Fidelity International of Boston. Robert Fleming, Morgan Grenfell, S. G. Warburg, and N. M. Rothschild are among others with a substantial Canadian clientele.

American, Japanese, Hong Kong, Swiss, and West German portfolio managers have become increasingly active. The Toronto representative of a leading German bank says: "More and more pension fund managers are saying what the heck, let's get into those European countries." Merrill Lynch Canada hired a specialist last December to promote non-North American investments to local institutions.

National Trust's Global Fund, managed by Hill Samuel, has 39 pension fund clients. It has recently had a substantial exposure to yen bonds but also dabbles in much smaller markets, like Danish and Spanish equities. With a relatively small proportion of assets invested offshore, some Canadian pension funds are willing to give their managers a more aggressive mandate than they normally apply in domestic markets.

The strong performance of overseas stock markets has given the offshore investment specialists a powerful marketing tool.

Recent falls in both the US and Canadian dollars, and a sharp rise in domestic interest rates, have raised expectations that there will be more money to be made again this year in overseas equity markets than in North America. Investment dealers also hope that further British privatisation issues and a growing number of other equity offerings by other companies in Canada will keep investors' interest at a high pitch.

Swiss group mulls offering

By John Wicks in Zurich

LANDIS & GYR HOLDING, of Zug, and Credit Suisse First Boston, the London merchant bank, are considering the secondary offer of up to 500,000 of the Swiss company's participation certificates.

The company said that last year there had been a heavy demand, particularly from abroad, for existing certificates. It was not known how widely these were distributed. Any secondary offer would be aimed at spreading the certificates to as many bearers as possible, "since concentration on a small number of purchasers would be undesirable."

Sallie Mae sets a fashion

BY TERRY BYLAND

A NEW-STYLE adjustable rate security, introduced in New York by Morgan Stanley as a debt instrument offering a leveraged play on interest rates, has already been copied on both sides of the Atlantic.

Morgan has made two issues totalling $400m of the new security, known as yield curve adjustable notes (YCAN), for the Student Loan Marketing Association (Sallie Mae).

Sallie Mae swapped both issues, and will end up with "very inexpensive" fixed-rate borrowings, said Mr Albert Lord, its chief financial officer, "probably as inexpensive as anything we've done for some time." Morgan expects YCANs to appeal to institutions seeking to hedge against fluctuations in the yield curve.

YCANs follow the conventional FRN pattern in having interest coupons linked to Libor six-month rate, but are constructed so that the coupon rises as Libor falls, and vice versa. A higher coupon would add leverage to the rise in the price of the security, increasing the potential return above that on a straight bond. If Libor rises, however, the YCAN coupon falls and the investor could find himself holding a zero-rated security.

The first YCAN issue of $250m for Sallie Mae was a five-year security, with an initial rate at 9.20 per cent—obtained by subtracting Libor at 8 per cent, from the 17.20 per cent YCAN coupon.

Interest rate is reset every six months, and Libor is capped at 17.20 per cent, at which level the investor would receive no interest.

Similar issues have been made in London for Christiania Bank by Merrill Lynch International, and in New York by Salomon Bros, which sold $100m notes for Citicorp.

Sallie Mae increased its first YCAN issue from $150m to $250m and then followed up with a further $150m issue for seven years because of strong investor demand.

Yasuda Trust in $500m CD programme

By Peter Montagnon, Euromarkets Correspondent

CHEMICAL BANK is arranging a $500m certificate of deposit issuance programme for Yasuda Trust and Banking Company of Japan.

Under the programme Yasuda's London branch will be able to issue certificates of deposit in dollars, sterling or Ecus, the currency basket of the European Community.

The certificates, which will not be underwritten, will bear interest at a margin of ⅛ per cent below the London interbank offered rate for money market deposits.

Yasuda's programme follows a similar $750m deal two weeks ago for Sumitomo Trust which was organised by Salomon Brothers.

● Chase Manhattan has announced a $30m increase to $130m in its revolving standby credit for Pearson, the diversified UK industrial group whose interests include the Financial Times. The credit will be used to back up issues of commercial paper in the US, starting probably in April.

Simex to start trading Nikkei stock futures

THE SINGAPORE International Monetary Exchange (Simex) is to start trading the Nikkei Stock Average futures contract from September 3, Reuter reports from Singapore.

Officials of Simex and Nihon Keizai Shimbun, said it was possible that the contract would be traded later in the London and Chicago futures exchanges.

Mr Ng Kok Song, chairman of Simex, said the contract, based on a composite of 225 securities traded on the Tokyo Stock Exchange, had an excellent potential, but was likely to start slowly because it was a new product.

DOMESTIC BOND MARKETS

Active trading in Tokyo

YEN BONDS were actively traded, encouraged by a 0.1 per cent drop overnight in the yield on 30-year US treasury bonds, writes Shigeo Nishiwaki of Jiji Press. The yield on the benchmark 6.2 per cent government bonds, due in July 1995, fell to 5.500 per cent from the previous day's 5.545 per cent.

Buying centred on bonds having maturities similar to the 6.2 per cent bonds and carrying higher coupon rates in the past few days. Among them, the yield on the 6.8 per cent bonds, maturing in December 1994, dropped to 5.400 per cent at one point, coming close to its all-time low of 5.339 per cent, reached on October 19 last year. Later, however, the yield rebounded to 5.425 per cent compared with Monday's 5.435 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on February 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	104¾	104⅞	−0⅛	−0⅛	9.47
Amex Credit 10⅞ 90	100	106¼	106⅞	−0½	+0⅛	8.84
Atlan. Richfield 10⅛ 00	250	100⅞	101⅛	−0⅛	−0⅛	10.08
Australia Com. 11 95	200	112	112½	−0⅛	+0⅛	8.99
Australia Com. 11⅛ 00	100	113¾	114⅛	±0⅛	+1	9.41
BP Capital 11⅛ 92	150	107½	108	−0⅛	−0⅛	9.38
Campbell Soup 10⅛ 95	100	108¾	109⅛	−0⅛	+0⅛	9.00
Canada 11½ 90	500	110	110⅜	0	0	8.42
Canadian Pac. 10⅛ 93	100	105⅞	106⅜	0	+0⅛	9.53
CEPME 10⅛ 91	100	105⅝	105⅞	−0⅛	+0⅛	8.80
Citicorp 10 88	200	101⅞	102⅛	−0⅛	−0⅛	8.97
Citicorp 10 96	200	100½	101	+0⅛	+0⅛	9.89
Citicorp 10⅛ 95	200	102¾	103⅛	−0⅛	−0⅛	10.12
Credit Lyonnais 9 91	200	100⅝	100⅞	−0⅛	−0⅛	8.83
Credit National 9⅛ 93	150	101⅛	101⅝	+0⅛	+0⅛	8.86
Denmark Kgdm. 11⅛ 88	100	106½	107	−0⅛	−0⅛	8.73
Denmark Kgdm. 11½ 90	100	105¾	108⅞	−0⅛	−0⅛	8.92
Denmark Kgdm. 11½ 92	100	110¾	111¼	0	+0⅛	8.97
EDF 10 95	225	105⅛	106⅛	0	+0⅛	9.11
EEC 9⅛ 91	150	99½	100	−0⅛	−0⅛	8.69
EEC 9⅛ 90	350	103	103½	0	+0⅛	8.87
EIB 10⅛ 94	200	106½	107	0	+0⅛	9.08
EIB 12 95	200	117⅛	117⅝	−0⅛	+1⅛	9.12
Eli Lilly 10⅛ 92	150	107⅛	107⅝	−0⅛	+0⅛	8.72
Equit. Lrd. Rlty. 10⅛ 97	100	104¼	104¾	+0⅛	+0⅛	9.84
Export Dev. Cpn. 10 90	100	104⅞	105⅜	−0⅛	−0⅛	8.51
Fed. Dep. Stre. 10⅛ 95	100	106⅝	107⅛	0	+2⅛	9.89
Ford Motor Crd. 10⅛ 91	150	104¾	104⅞	−0⅛	−0⅛	9.39
Ford Motor Crd. 11⅛ 90	100	106⅞	107⅛	0	+0⅛	8.16
Ford Motor Crd. 12 95	100	111⅛	111⅝	−0⅛	+0⅛	9.99
Gen. El. Cred. 10⅛ 00	200	103¾	104¼	−0⅛	0	9.71
GMAC 10⅛ 89	200	104⅜	104⅞	0	+0⅛	8.55
GMAC 10⅛ 92	250	104⅜	104⅞	−0⅛	+0⅛	9.28
IADB 9⅞ 96	200	105⅝	105⅞	+0⅛	+1⅛	9.02
IADB 10⅛ 95	150	108⅝	109⅛	0	+1⅛	9.04
Kellogg Co. 10⅞ 90	100	104⅞	105⅜	−0⅛	0	8.24
Kellogg Co. 11⅛ 92	100	107⅛	107⅝	−0⅛	−0⅛	9.53
Nippon Cr. Bk. 10⅛ 95	150	108⅜	108⅞	−0⅛	+1⅛	9.23
Pillsbury Co. 10⅛ 93	100	104½	100	+0⅛	+1	9.33
Proct. & G. 'A' 9⅛ 92	150	102¾	103¼	−0⅛	−0⅛	8.27
Pru Realty S. 12⅛ 95	546	112⅜	112⅞	−0⅛	0	9.91
Qantas Airways 10⅛ 95	140	108½	108⅞	−0⅛	+1⅛	8.97
Quebec Hydro 11⅛ 92	100	110¼	110¾	+0⅛	+0⅛	9.36
Queensld. Gvt. 10⅛ 95	100	105¾	106⅞	−0⅛	+1⅛	9.10
Ralston Purina 11⅛ 98	150	112⅜	112⅞	+0⅛	+1⅛	9.61
Saab Scania 9½ 91	125	101⅛	101⅝	0	0	9.13
Saskatchewan 10⅛ 92	100	108⅜	108⅞	+0⅛	+0⅛	8.85
Scandinavia Air 10⅛ 95	150	104¼	104¾	+0⅛	+0⅛	9.38
State Bk. S. Au. 9⅛ 93	100	100	100½	−0⅛	−0⅛	9.15
Statoil 10 90	170	104¾	104⅞	−0⅛	−0⅛	8.68
S. Wales Trsy. 11⅛ 90	150	109¼	109¾	−0⅛	0	8.92
Swed. Exp. Cred. 10 92	100	105¾	100	−0⅛	+0⅛	8.75
Sweden 10⅛ 92	250	105¾	107	−0⅛	+0⅛	8.87
Sweden Kgdm. 10⅞ 90	200	107½	108	0	+0⅛	8.58
Sweden Kgdm. 11½ 89	200	108⅝	105¾	−0⅛	−0⅛	8.62
Sweden Kgdm. 11⅛ 94	100	112½	113	+0⅛	+0⅛	9.54
Tenneco Cpn. 10⅛ 95	150	104⅞	105⅜	−0⅛	−0⅛	9.88
Utd. Tech. Fin. 10⅛ 99	100	107	107½	−0⅛	+1⅛	9.43
Victorian Rep. 11⅛ 92	150	111	111½	0	+0⅛	9.15
World Bank 9⅛ 2016	300	104¼	104¾	+0⅛	+0⅛	9.30
World Bank 10⅛ 95	300	108⅜	108⅞	+0⅛	+1⅛	8.74

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	107⅛	107⅞	+0⅛	+0⅛	5.00
Copenhagen 7⅛ 95	150	103¼	103¾	+0⅛	+0⅛	6.85
Credit National 8⅛ 94	200	108⅝	109⅛	−0⅛	+0⅛	6.65
Dow Chemical 6⅛ 95	300	102¾	103¼	−0⅛	+0⅛	6.33
EIB 6⅞ 95	300	102⅞	103⅜	0	+0⅛	6.43
EIB 7⅛ 94	300	104¾	105¼	+0⅛	+0⅛	5.49
Emhart Con. 6⅛ 95	175	99½	100	+0⅛	+0⅛	6.78
ESCOM 8 92	150	98⅝	99⅛	+0⅛	+0⅛	8.15
Ex. Im. Bk. Korea 7⅛ 90	100	101⅞	102⅜	0	+1⅛	7.04
Ferrovia Dello St. 8 91	100	105⅜	105⅞	+0⅛	+0⅛	6.57
Finland Republic 7 92	200	102⅞	103⅜	+0⅛	0	6.33
Gould Int. Fin. 7⅛ 91	100	104⅛	105⅛	−0⅛	+0⅛	6.50
Ireland 8⅛ 92	150	†103	103⅛	+0⅛	+0⅛	4.92
I/S Elsam 6⅛ 93	125	97⅞	98⅜	+0⅛	+0⅛	7.07
Japan Fin. Con. 7⅛ 91	100	105⅝	106⅛	+0⅛	+1⅛	6.26
Mtsbshl. M. 3⅛ 89 WW	100	105⅛	100	+0⅛	−0⅛	1.59
Mtsbshl. M. 3⅛ 89 XW	100	92⅛	92⅝	−0⅛	−0⅛	6.3
Quebec-Hydro 7⅛ 95	200	104¾	105¼	+0⅛	+0⅛	6.41
Renfe 7⅛ 99	100	100	105⅛	+0⅛	+0⅛	6.96
Soc. C. Nuclear 7⅛ 95	150	102⅝	103⅛	+0⅛	+0⅛	6.80
Soc. C. Nuclear 8 91	100	104⅝	105⅛	0	−0⅛	6.82
S. African Tran. 7⅛ 92	100	92⅞	93⅜	+0⅛	+0⅛	9.09
World Bank 7 95	600	103½	104½	+0⅛	+0⅛	6.40

Average price changes . On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 6⅛ 94	130	†101½	101⅞	0	−0⅛	5.14
Br. Land. Comp. 6½ 99	75	†107	107⅛	+1⅛	+1⅛	5.73
Chrysler 5⅞ 98	160	†102⅛	102½	+1⅞	+1⅞	6.44
Council of Europe 0 92	120	†105	105⅛	+0⅛	0	5.08
Creditanstalt 5½ 94	100	†101⅛	102	+0⅛	+0⅛	6.23
Deutsche Bk. 5⅛ 99	100	†104⅛	100	0	+0⅛	4.69
EIB 5⅞ 94	120	†103¼	103½	+0⅛	+0⅛	5.37
Gen. Occidentale 4½ 94	00	†109	109½	+1	+1⅛	3.27
Glendale F. S&L 5½ 95	100	†99	99¼	−0⅛	0	5.89
Ind. F. Finland 5⅛ 94	40	†102	102⅛	0	+0⅛	6.44
Int. Am. Dv. Bk. 6⅛ 94	120	†103½	103⅞	−0⅛	−0⅛	5.58
N. Zealond Steel 6⅛ 98	70	†101	101⅛	−0⅛	+0⅛	5.61
Oberos. Kftwk. 5⅞ 96	100	†102½	102⅞	−0⅛	+0⅛	5.00
Olivetti Intl. 5½ 95	100	†102⅛	103	0	0	5.10
Pepsico 6⅛ 95	130	†103½	103⅞	−0⅛	+1⅛	4.75
Phibro-Salomon 5⅛ 97	110	†100	100⅛	−0⅛	−0⅛	5.11
Ralston Purina 5⅛ 94	125	†102	103⅛	+0⅛	+0⅛	4.92
Tokyo Elec. Pr. 5½ 93	120	†102¾	103	0	−0⅛	4.99
Tokyo Metropolis 5⅛ 94	80	†101⅛	102½	−0⅛	−0⅛	4.54
World Bank 5⅛ 94	100	†104⅛	104½	−0⅛	+0⅛	3.19

Average price changes.. On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Eurofima 6⅛ 93	20	101⅛	101½	+0⅛	+0⅛	8.37
Swed. Exp. Crd. 6⅛ 96	10	105⅝	101½	+0⅛	+0⅛	5.50
Syntex 6⅛ 93	20	98⅝	99⅛	0	0	8.82
Walt Disney 6½ 95	10	101	101½	+0⅛	+0⅛	5.46
Westinghouse 6½ 95	15	98⅛	98⅝	+0⅛	+0⅛	6.89

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅛ 90 A$	50	94⅛	95⅛	+0⅛	+1⅛	14.21
Creditanstalt 12⅛ 90 A$	50	97⅛	98⅛	0	−0⅛	13.40
Pepsico C. F. 13 90 A$	50	101⅛	101⅝	−0⅛	+0⅛	12.72
Swed. Ex. Cr. 13 88 A$	40	97	98	−0⅛	−0⅛	14.12
Amex 10⅛ 90 C$	50	102⅛	102⅝	+0⅛	+1⅛	10.02
Canad. Pac. 10⅛ 90 C$	75	103⅛	103⅝	+0⅛	+3⅛	9.41
CIBC 10⅛ 90 C$	75	†101⅞	102⅛	+0⅛	+1⅛	10.12
Genstar Fin. 11⅛ 95 C$	75	105⅞	106⅛	+0⅛	+4⅛	10.66
Montreal 11½ 95 C$	75	104⅛	104⅞	+0⅛	+1⅛	10.66
Ryl. Trustco 10⅛ 90 C$	75	99⅞	100⅛	+0⅛	+2⅛	10.40
Sears Acc. 10⅛ 92 C$	75	†103	103⅛	+0⅛	+2⅛	9.81
Coca-Cola F. 17 90 NZ$	75	103⅛	105⅛	−0⅛	+0⅛	15.48
Nordic I. Bk. 18 88 NZ$	60	98⅛	99⅛	−0⅛	−0⅛	18.40
Unilever Cp. 17½ 89 NZ$	50	98⅛	99⅛	+0⅛	+0⅛	17.88
Copnhagn. C. 9 95 Ecu	40	99⅞	100⅛	+0⅛	+0⅛	8.56
Eutelsat 9 93 Ecu	50	99⅞	100⅛	0	+0⅛	0.34
Walt Disney 8⅛ 94 Ecu	63	100⅛	101	+0⅛	+0⅛	8.64
Honda WW 3⅞ 90 Fl	100	105⅛	105⅝	+0⅛	+0⅛	2.41
Honda XW 3⅞ 90 Fl	100	90½	91	0	−0⅛	5.64
Thyssen 7⅛ 90 Fl	60	102⅛	103	0	0	6.51
Wamildhave 7½ 90 Fl	75	102⅛	103⅛	0	+0⅛	6.71
Wessanen 6⅛ 90 Fl	60	100⅛	100⅝	0	−0⅛	6.57
Remy Mrtn. 10⅞ 90 FFr	250	103⅛	103⅞	+0⅛	+1⅛	9.87
Amev 11 93 £	50	98⅞	99⅛	+0⅛	+0⅛	11.17
Australia Com. 11 92 £	40	100⅛	101⅛	+0⅛	+2	10.74
EIB 11⅛ 93 £	50	102	102⅛	+0⅛	+0⅛	10.64
GMAC UK F. 10⅛ 90 £	50	99⅛	99⅞	+0⅛	+0⅛	10.36
Imp. Ch. Ind. 11⅛ 95 £	75	99⅞	100⅛	+0⅛	+1	11.30
Imp. Ch. Ind. 10⅛ 92 £	75	98⅛	99	+0⅛	+1⅛	11.01
McDonalds 10⅛ 90 £	40	100⅛	101	+0⅛	+0⅛	10.64
Mtsbshi. F. HK 11 90 £	50	99⅛	100	+0⅛	+0⅛	11.03
NSW Treasy. 10½ 92 £	50	97⅛	98⅛	+0⅛	+1⅛	11.06
Rank Xerox 11 92 £	40	98⅛	98⅞	+0⅛	+1⅛	11.18
Royal Ind. 10⅛ 92 £	60	97⅛	98⅛	+0⅛	+1	11.20
J. Sainsbury 10⅛ 93 £	90	98⅛	98⅞	+0⅛	+1⅛	11.21
Tricentrol XW 11 92 £	35	83	84⅛	+0⅛	−1⅛	15.12
Tathse. Forte 11⅛ 00 £	50	99⅛	99⅞	+0⅛	+1⅛	11.27
World Bank 11⅛ 95 £	100	103	103⅛	+0⅛	+1⅛	10.66
COE 8⅞ 95 LFr	600	99⅛	100⅛	+0⅛	+0⅛	8.86
N. Lux. Al. 10⅛ 92 LFr	600	103⅛	104½	0	0	9.62

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Abbey Natnl. 5 2000 £	0⅛	99.41	[illegible]	[illegible]	[illegible]
Anglia Bldg. S. 5 88 £	0⅛	99.90	99.95	14/4	11⅛
Bankers Trust 5 2000	0⅛	99.80	100.00	11/3	8.31
Belgium, Kngdm. of 91	0	99.88	99.98	19/8	8.13
BNP 0⅛ 95	0.06	101.13	101.23	10/1	8.69
Britannia 5 93 £	0⅛	99.79	99.87	8/4	11⅛
CCF 5⅛ 97	0	99.44	99.54	5/4	8.00
Citicorp 5 2000	0⅛	99.02	99.12	26/2	8.29
Citicorp 5 2035	0.225	98.60	98.70	27/1	8.23
Credit Lyonnais 5 2000	0⅛	100.10	100.20	10/1	7.94
EEC 0 90	0⅛	[illegible]	[illegible]	0/7	8.06
ENEL 5 2000	0⅛	99.96	100.06	1/3	8⅛
Ireland 5⅛ 97	0⅛	99.97	100.07	28/2	8.44
Lloyds Bank Perp.	0⅛	100.25	100.35	8/6	0⅛
Midland Bk. Perp. 0	0⅛	100.12	100.22	19/6	8⅛
NatWest Perp. A	0⅛	100.20	100.30	3/7	8.31
NatWest Perp. B	0⅛	100.73	100.83	10/2	8⅛
New Zealand 5 2001	0	99.65	99.75	4/8	8.13
Prudential Cpn. 4 93 £	0.1	99.60	99.70	5/3	11.78
R. Bk. Scotland 5 Perp.	0⅛	100.10	100.20	11/6	8.44
R. Bk. Scot. 5⅛ 2005 £	0⅛	99.25	99.35	4/2	11⅛
Societe Generale 5⅛ 97	0⅛	100.00	100.10	18/3	8⅛
United Kingdom 5 92	0	99.97	100.05	7/7	0.08
Woodside Fin. 5⅛ 97	0	99.42	99.52	28/7	8.38
Woolwich 5 95 £	0⅛	99.65	99.70	19/2	11.59

Average price changes... On day +0.01 on wk. +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	169	170	+3⅛	5.93
Comcast 7 2000	12/85	23.87	117½	119⅛	−1⅛	11.00
Fanuc 3⅛ 98	1/84	7032	204⅛	205⅛	+1⅛	60.37
Fuji Hvy. Inds. 0 2000	8/85	676	97⅛	98⅛	+0⅛	6.99
Fujitsu 3 99	5/84	1320	104⅛	105⅛	+0⅛	13.19
Kumagai Gumi 3⅛ 2000	8/85	600	215	220	+2	3.39
Marui 3⅛ 99	7/84	1162	195⅛	200⅛	+3	−0.12
Minolta Camera 2⅛ 94	2/85	1106	198	99	0	25.84
Mitsubishi Bank 2⅞ 00	5/85	1768	107⅛	108⅛	0	−4.72
Mitsubishi Elec. 2⅞ 00	3/85	422	109⅛	110⅛	+0⅛	−1.99
Mumtz 3⅛ 2000	7/84	2368	137⅛	138⅛	+2	19.43
Nippon Elec. 2⅞ 2000	1/85	1285	129⅛	130⅛	+2	40.53
Nippon Oil Co. 3 2000	5/85	923	129⅛	130⅛	+2⅛	2.72
OKI Elec. Ind. 3⅛ 99	10/84	906	109⅛	110⅛	−0⅛	−1.01
Sanwa Bank 2⅛ 2000	10/85	1466	116⅞	110⅛	+0⅛	−0.60
Bakiaul House 3 99	5/84	612	157⅛	158⅛	+4⅛	4.44
Sumitomo Bk. 2⅛ 2000	8/85	2142	105⅛	106⅛	+0⅛	0.75
Sumitomo Cpn. 2⅞ 99	5/84	563	186⅛	187⅛	+3	3.07
Taiyo Yuden 3⅛ 2000	3/85	1078	121	123	+2	−3.12
Takeda Rkn. 3⅛ 2000	10/84	7683	1104	106	+2	14.18
Tokyo S'yo El. 3⅛ 99	12/84	772	107⅛	108⅛	+0⅛	9.36
Toshiba Crmcs. 3 2000	4/85	1734	106⅛	107⅛	−1⅛	−3.96
Nippon Oil 2⅞ 92 SFr	3/84	1052	†100	100	+1⅛	16.61
Nip. Shinpan 2 92 SFr	3/84	801	†151½	151⅛	−2⅛	11.11
Asics 5 92 DM	12/83	520	107	108⅛	−0⅛	13.10
Renown 3⅛ 00 DM	3/86	675	115⅛	116⅛	−0⅛	−2.00

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

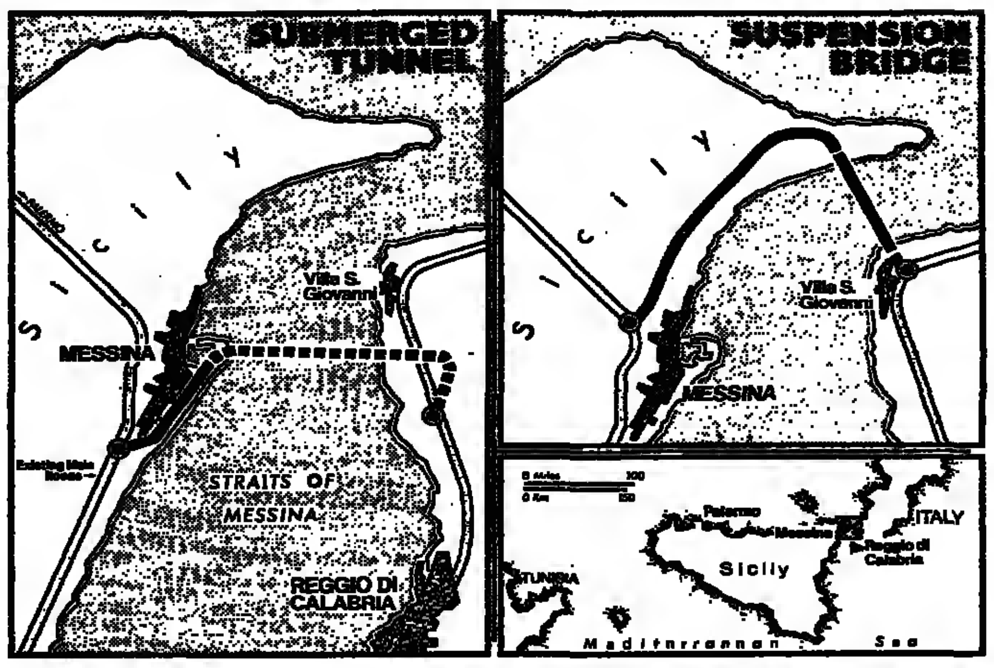
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

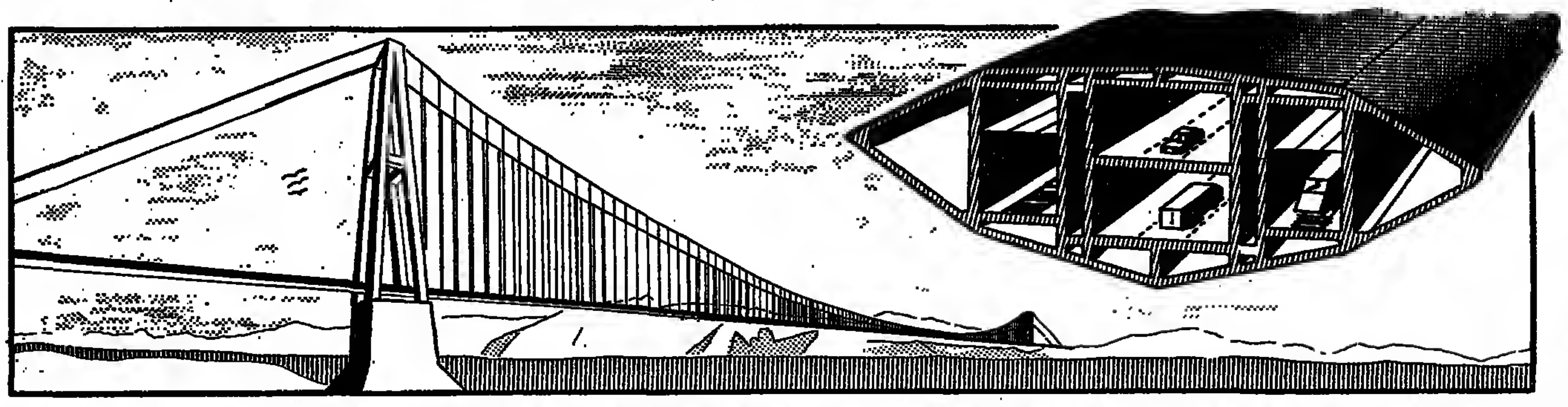
INTERNATIONAL COMPANIES and FINANCE

The great Italian dream of a bridge much broader than the flood

James Buxton, recently at the Strait of Messina, looks at rival plans for a fixed link between Sicily and Southern Italy



The proposed sites with artists' impressions of the bridge and tunnel.



THE Strait of Messina between Sicily and southern Italy is a splendid sight on a fine winter's day. From the ferryboat, just holding its course against the eddying currents, the eye runs up past the towns along the shores of the strait to the snow-capped mountains above, then down again to the narrowest point of the strait, the tide race which the ancients called the Whirlpool of Charybdis.

To span those narrows with a colossal, supremely elegant suspension bridge would be an immense human achievement. It is this vision which is currently inspiring engineers, big Italian companies and the Italian Government to make the bridge a reality.

Two days after Christmas, Mr Bettino Craxi, the Prime Minister, formally commissioned a state-owned company, Strait of Messina, to study, construct and operate a fixed link across the Strait. Soon afterwards Strait of Messina, which has been studying the question since 1982, handed in its report and the opinions of 30 teams of experts on the best way of crossing the strait. Though nothing has been published, it is known that the balance of opinion in the report favours a single-span suspension bridge whose cost is put at about L5,000bn (£2bn).

In theory, a decision on a bridge could be taken by the middle of this year. Then would follow two years of detailed design work, contract preparation, and the passing of an Act of Parliament. Construction could begin in 1989, with a forecast completion date about eight years later.

In practice, that timetable is wildly optimistic. The project for a fixed link has been under discussion since the late 1960s. It does at the moment enjoy new momentum, with the government seeing the economic and political advantages of the project, and major industry, from Fiat in the private sector to the steel and construction companies in tha state sector, lured by the potential contracts (a suspension bridge, it is estimated, would require 620,000 tonnes of steel alone). But there are big political and technical obstacles to be overcome.

No one doubts that a fixed link would bring economic benefits. At present 2.5m cars, 650,000 railway carriages and wagons, 1m lorries and .6m tonnes of freight cross the strait each year. The actual crossing by ferry lasts only 15 minutes, hut with queuing, loading and unloading the journey can take two hours or more. A fixed link would not only speed up and simplify the journey, but also attract traffic that presently goes from Sicily to the rest of Europe by sea.

Any fixed link would have to meet daunting requirements. Tha Strait of Messina is one of the most earthquake-prone areas in the world the cities of Messina in Sicily and Reggio Calabria on the mainland were destroyed by an earthquake in 1908 that left more than 60,000 people dead, so any structure would have to resist a seismic shock of more than 7.5 on the Richter scale. The Strait, only 3.2km wide at its narrowest point, is swept by violent gusts of wind that can reach 100km an hour, while the tidal currents flow at up to six knots—equivalent of a torrent in full spate.

But Professor Gianfranco Gilardini, the magisterial engineer who is managing director of Strait of Messina, has no doubt not only that a single span suspension hridge could meet all the specifications, hut that it is the only viable solution, It is also incidentally the ona which most appeals to tha Italian engineering and steel industries, and, thanks no doubt to its spectacular nature, to many Italian politicians.

A single-span suspension bridge would reduce the seismic risk—said to be at its highest in mid-channel—by having its two sets of towers bedded in an extremely solid hase of reinforced concrete on each side of the narrowest point of the strait, north of Messina where it joins the open sea. Yet with a span of 3,300 metres it would not only he the longest suspension bridge in the world, but would be more than twice as long as the longest such hridge currently in existence—the 1410m-long Humber Bridge in Britain. It would run 80m above the water and its towers would be 400m high—one-and-a-half times the height of the Eiffel Tower. Furthermore, it would be the only suspension bridge in the world to carry a railway as well as road traffic.

"All this is possible," says Professor Gilardini, "because of the highly advanced nature of our studies." He rejects the alternatives of a tunnel underneath the seabed (the seismic risk would be too high, the approach roads and railways too long) and—the only rival project still remotely in the running—a submerged tunnel.

A submerged tunnel would be at least as much an engineering marvel as a giant suspension bridge. The idea was conceived by Mr Alan Grant, a British engineer, and was one of six winning projects when a competition was held in 1969 to design a fixed link across the strait. The submerged tunnel would consist of joined concrete sections lying 60m below the surface of the water and fixed to the bottom by cables. It would rely on the Archimedes Principle to get support from the water itself.

Its different chambers would contain rail and road tunnels as well as tanks which water would be pumped in or ont of in order to trim the tunnel in response to load and water conditions.

The suhmerged tunnel, it is suggested, would cross the strait from the city of Messina where the channel is wider but the currents weaker, which would mean that traffic from Messina could cross the strait without the long detour the hridge would entail. Through traffic, however, would pass under the city hy tunnel to join the autostrada.

Mr Grant does not enjoy the patronage of Italy's big business establishment. Instead he is in a joint venture with Mr Elio Matacena, an engaging Neapolitan businessman who owns a fleet of ferries operating on the strait. Mr Matacena claims that his project would cost half that of a suspension bridge—some L2,500bn. And though the technology has never been tested in its complete form, he and Mr Grant claim that every component of it has been successfully constructed — mainly in the North Sea, where concrete structures moored to the seabed are used in oil production.

Professor Gilardini has little time for the submerged tunnel idea. "Not ten metres of this type of tunnel have been built anywhere in the world," be says. "The technology is all unknown, there is no certainty, as to the life expectancy of the concrete, and we reckon it would cost far more than they say." Nor does he think it desirable for the traffic to pass through or under Messina.

But Mr Grant, who is conducting his fight from London, uses ona of those arguments against the suspension bridge. "Gilardini's scheme is also completely untried," he says. "Engineers don't extrapolate from one to almost 2.40 in one jump, you go from one to 1.2 to 1.4 and so on. The suspension bridge would be higbly vulnerable to the high winds in the Strait and would probably have to be closed to traffic many days a year."

Like many others, including Mr Franco Nicolazzi, Minister of Public Works, he is extremely duhious about the possibility of running trains across the bridge. "A suspension bridge is one of tha most beautiful engineering artefacts there is. But it is very finely halanced. Road traffic does not usually pot too much strain on a suspension bridge because its force is diffused over the whole structure. But a heavy train, hitting the bridge like a hammer blow, would push the bridge down by six or seven metres as it passed across it. That would create stress on the cables and cause a serious risk of metal fatigue."

Pointing to the problems of the Severn Road Bridge in Britain—now closed to all but single-lane traffic as major strengthening operation goes ahead—Mr Grant says: "The bridge across the strait could easily end up a white elephant." Mr Matacena adds: "It's a battle with the impossible—at the taxpayers' expense."

The two argue that their project is not being given a fair bearing. "It is a strange fact that during all the time Strait of Messina was supposed to be evaluating our project they never once referred back to us," saya Mr Grant. Mr Matacena points out that Professor Gilardini was, before joining the present company, running the Messina Bridge Consortium, a grouping which included Fiat (which has a construction subsidiary, Impresit), Finsider (the state steel concern) and others, and was devoted to studying plans for a suspension bridge.

Professor Gilardini insists that this has done nothing to colour bia judgement. He claims that tests carried out in the wind tunnel of Fiat's railways subsidiary in Turin have proved that trains can cross the bridge without making the track move.

He also points out that once the choice of project has been made it will be sumitted to several international authorities on different aspects of the subject for their verdicts. Mr Grant retorts that the experts—all university professors—were chosen by Strait of Messina itself.

But the technical discussion is only part of the debate. Down in southern Calabria and eastern Sicily many people welcome the idea of a bridge, the employment it would give during its construction and the stimulus it would provide to the area. However, recalling how many times the project has been raised in the past, not to mention the state's poor record in maintaining regular payments to its construction schemes, they question whether it will ever be huilt.

And even in tha far south, as well as in Rome, there are many people wondering whether the economic benefits would justify the cost of a fixed link, and whether such a concentration of expenditure on a single public work is the best way of assisting one of the poorest parts of Europe.

Public Notices

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Society will be held in the Society's Head Office, No. 28 St. Andrew Square, Edinburgh on Thursday, 20th March 1986 at 12.30 p.m. to consider the Accounts and Balance Sheet and Reports of the Directors and the Auditor, to elect Directors, to determine the remuneration to be paid to the Directors and to re-appoint the Auditor.

A Member of the Society entitled to attend and vote at any Annual General Meeting is entitled to appoint another person to attend and vote instead of him. Proxies must be lodged at the Society's Head Office not less than forty-eight hours before the time for holding the Meeting.

By Order of the Board
D. A. BERRIDGE
General Manager

28 St. Andrew Square, EDINBURGH.

Company Notices

Norges Skibshypotek A/S

USD 32.500.000 Medium Term Loan

ARRANGER

Bergen Bank A/S

LEAD MANAGERS

Bergen Bank A/S Forretningsbanken A/S
Standard Chartered Bank

CO-MANAGERS

Deutsch-Skandinavische Bank (Luxembourg) S.A.
DnC Ship Mortgage International Bank N.V.
PRIVATbanken Limited
Sparebanken Vest
Union Bank of Finland Ltd
Vestlandsbanken
Westpac Banking Corporation

PARTICIPANT

A/S Bergens Skillingsbank

This announcement appears as a matter of record only.

February 1986

NOTICE OF REDEMPTION
European Coal and Steel Community (E.C.S.C.)
FFr 150,000,000 7½% 1972/1987

The Commission of the European Communities informs the bearers of Bonds that a selection by lot for an amount of FF 14,920,000 has taken place in the presence of a Notary Public on February 11, 1986 at the Kredietbank S.A. Luxembourgeoise, Luxembourg.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the ranges beginning:
at 1 up to 2817 incl.
and
at 20516 up to 30000 incl.

Amount purchased on the market: FF 80,000.

From 1st April 1986 the Bonds selected by lot will no longer bear interest and may be reimbursed on or after that date in accordance with the terms of payment mentioned on the Bonds.

The amount outstanding on and after 1st April 1986: FF 15,000,000.
Outstanding drawn Bonds:
4832 11778 12719 to 12722 incl. 12726 to 12728 incl. 14971 to 14974 incl. 15197 to 15199 incl. 15242 15409 and 15410 25367 and 25368.
Luxembourg February 26, 1986.

Legal Notices

HAMMOND BROTHERS (TRANSPORT) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the creditors of the abovenamed Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
30 Eastbourne Terrace (2nd floor)
London W2 6LF
on Friday the 7th day of March 1986 at 12.00 o'clock midday, for the purposes provided for in Sections 588 and 590.
DATED the 18th day of February 1986
F. HAMMOND, Director

FARBOUND LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the creditors of FARBOUND LIMITED will be held at the offices of
LEONARD CURTIS & CO.,
30 Eastbourne Terrace,
London W2 6LF
on Tuesday the 4th day of March 1986 at 12.00 o'clock midday for the purposes provided for in Sections 589 and 590.
DATED this 18th day of February 1986.
R. B. GULPERIN, Director

UK COMPANY NEWS

Marley confident despite 41% fall

Marley, the building materials group, yesterday reported a £13.58m fall in taxable profits to £19.56m for 1985, but was confident that the current year would witness the benefit of its recent organisational shake-up.

The profit decline had been expected following the announcement of a near £10m drop at the midway stage and the reorganisation that the reconstituted board had undertaken during the year. This involved disposals and closures, and has resulted in an extraordinary loss of £13.4m. The retained deficit for 1985 was £8.09m, against a comparable profit of £8.61m.

Sir Robert Clark, chairman since last May, also said that the Payless DIY business, put up for sale last December with a price tag of around £130m, was the subject of negotiations with a number of parties. He expected to make an announcement within roughly the next month.

Despite the 41 per cent profit decline, the final dividend is held at 2.35p per share for an unchanged total of 3.75p. Earnings pre-extraordinary items were 6.3p (8.9p).

Turnover for the year ended December 31 1985 slipped from £557.85m to £551.42m. The taxable profit fall was wholly attributable to a £15.43m decline in the building materials manufacture and distribution division —taking in roof tiles—to £14.04m. In roof tiles, the second half picked up, but overall, it was still nearly £6m down on the previous record year.

Marley foam had a better year, said the chairman, following a period of considerable investment and Payless increased profits by more than 20 per cent. Floors and extrusions were well down due to increased competition, but the trend improved in the second half.

Overseas, South Africa continued to trade well in more difficult conditions, but there was a £2.3m loss on the exchange translation of Rand profits. Total operating profits of £32.9m (£43.72m) broke down as to UK £27.5m (£32.27m) and overseas £5.4m (£11.46m).

Outside building materials, other manufacture made a pre-tax profit of £1.39m against a £1m loss; building materials retail and home improvement products saw profits slip, from £9.67m to £9.2m, as did other activities, from £4.65m to £4.61m. Unallocated head office and interest costs took £9.68m (£9.65m).

The taxable profit was struck after net interest payable of £12.65m (£10.93m), and was subject to a much reduced tax charge of £6.36m against £14.41m. The dividend payout will account for £7.87m (£7.83m).

See Lex

Sir Robert Clark, chairman of Marley.

Mount Charlotte jumps to £16m

AN INCREASE in pre-tax profit of some 60 per cent has been achieved by the Mount Charlotte Investments group of hoteliers for the year ended December 29, 1985.

And for the current year the directors expect further significant progress. They are lifting the 1985 dividend from 1.2p to 1.4p net, the final being 0.87p.

The pre tax profit — ahead from £10.63m to £16.06m — comes from a turnover showing a 38 per cent rise to £60.28m; giving a margin of 27 (23 per cent). Figures include the five Skean Dhu hotels in Scotland and the Royal Scot in London for the whole period, and the Invercauld Arms hotel, Braemar, acquired in mid-January, and Astor Hotel, Plymouth, and Johnsteunburn House Hotel, Humble, both purchased in May.

The profit increase was achieved in spite of a rise in interest charges from £1.98m to £2.5m. After tax £2.99m (£1.54m) the net profit works through at £13.07m (£8.05m) for earnings of 6.3p (5.2p).

● comment

Mount Charlotte's shares had been given a strong run on Monday in the hope of a good result, but yesterday's figures fell short of the more optimistic forecasts and the shares shed 4½p to 94½p. The main reason for the shortfall appears to be the group's heavy spending during the year which brought the interest charge out slightly higher than expected. At the trading profit level, about half the increase has come from acquisitions and half from organic growth. Volumes have shown a modest increase but it is primarily a rise in room rates which has taken the group ahead. Average room rates have risen by about 12 per cent, only half of which has come from price increases: Mount Charlotte has achieved the rest through reorganising its mix of business—for example, by raising the proportion of commercial traffic and organising its own "value break" programmes instead of discounting rates to wholesalers. The current year offers ample potential for further progress down this road, but dilution and a rising tax charge are going to leave the group struggling to improve earnings. With £20m in sight on a tax charge of 25 per cent, the shares look fully valued on a prospective p/e ratio of 14.

Jarvis Porter heads for market with £18m value

BY LUCY KELLAWAY

Jarvis Porter, a Leeds-based printer of labels, is being floated on the Stock Exchange with a value of £17.5m.

The details are published today of an offer for sale by Hill Samuel of 30 per cent of the shares at 105p each. Of the 5m shares being sold, 3.2m are being issued by the company to raise £2.9m after expenses, while the remainder are being released by existing shareholders.

Jarvis Porter's business is come to the market a year ago but its plans were spoilt by a boardroom row between Mr Paul Jarvis, the chairman, and his brother Mr Linden Jarvis.

The dispute centred around the distribution of power between the two brothers following flotation. The result was the resignation of Mr Linden Jarvis, and the purchase by the company of almost all of his shares at a cost of about £4m.

The proceeds of the issue will be used to repay borrowings of about £2m associated with the purchase of the company's shares.

Jarvis Porter's business is divided into four divisions: conventional labels, which are stuck on with glue and sold mainly to the drinks trade; self adhesive labels; flexible packaging, and promotional products.

The group has spent about £7m during the last five years in updating its plant. In the current year it will be investing about £2m.

Group profits in the last five years have grown steadily from £1m in 1981 to £2.3m in the year to February 1985, on turnover that has increased from £10.3m to £18.9m.

The directors are forecasting profits for the year just ending of £2.5m, which implies a p/e ratio for the shares at the issue price of 12.1, after a tax charge of 39 per cent. The yield is 4.5 per cent.

James Capel are brokers to the company, and Rensburg are the regional brokers. The application list opens on March 4.

● comment

Investors do not like boardroom rows, especially nasty family ones. However, it seems that the differences between the Jarvis brothers have had little real effect of the future of the company, and if the slight slowing of profit growth in the year just ending had anything to do with the row at all, the effect should be a one-off. Jarvis Porter comes to the market with a nice record of steady growth behind it, and seems to be involved in atractive specialised sectors of the labels market. Its efforts in keeping up with the latest technology in plant and product should enable it to hang on to margins (higher than the industry average) and to customers, who, at the mercy of the supermarkets, are becoming increasingly demanding. The issue has been sensibly priced, and the small discount to the sector should ensure a fair reception.

Rex Williams in acquisition

WITH THE announcement of its results for the year ended November 30 1985, showing a drop in pre-tax profits from £167,000 to £150,000, the directors of Rex Williams Leisure say they have agreed provisional terms for the acquisition of a private company principally engaged in the renting and leasing of coin operated amusement equipment.

This will make a substantial end, hopefully, growing contribution to profits, they say. Consideration will be the issue of shares amounting to slightly over 20 per cent of the present issued capital of £450,000.

In 1984-85 turnover of the RWL group, a USM quoted company which mainly manufactures and distributes pool and snooker tables, improved from £886,000 to £907,000 but its operating profit fell to £139,000, against £185,000.

The year proved very difficult, says the chairman Mr John Wardle, but orders for new installations recovered during January have been exceptionally promising.

To improve future revenue a new amusement machine was introduced, and this has proved popular and is complementary to existing business. Installations began in late October.

Activities of the proposed acquisition company are complementary to RWL and it is hoped that one of its directors will join the board of RWL and be responsible for the amusement machine division.

The result of a brewery policy change led to a loss of sites for RWL last year, and revenue generated by the coin operated tables fell by 14 per cent. But this was mitigated by an increase in light metered snooker receipts of 76 per cent.

After tax £16,000 (nil), the net profit came to £134,000 (£167,000) for earnings of 1.5p (2.36p). The final dividend is the promised 0.49p for a net 0.91p total.

HAT takes £9m loss on US sale

By Terry Garrett

HAT Group has finally extricated itself from an unrewarding foray into the US property market with the sale of its remaining 49 per cent interest in a Houston office block at 3555 Timmons.

The disposal will trigger a bruising £8.5m write-off against reserves to add to last year's £3.4m provision.

HAT, a UK-based building services and maintenance group, first entered the US market in 1982 with a 14 storey 225,000 sq ft development.

Mr David Telling, chairman and chief executive, reflected yesterday "I went in originally because I could see a lot of money to be made. Oil was booming." The project never lived up to his expectations and last spring a 51 per cent interest was sold to a subsidiary of United States Property Trust (USPT) for $11.2m to create a joint venture.

Since then the collapse of the oil price has seriously undermined the Houston market. Some of the property's tenants have failed and market rentals and values have dropped dramatically in the last couple of months.

The block was recently revalued at $28m, against a book value of $44m which HAT was carrying through the joint venture. HAT has now agreed to sell its remaining 49 per cent interest to USPT for just $500,000.

The write-off, together with a £9m write-off of goodwill already announced, will leave the balance sheet 60 per cent geared. "It is not catastrophic" said Mr Telling, "but is uncomfortable." Reducing debt has become a priority.

Despite the losses the market reacted warmly to the news marking the shares 2p higher at 104p. However, the loss of anticipated cash flow left some analysts downgrading their profit forecasts for the year to February 1987 by £1m to £11.5m, suggesting three years of stagnant profits.

Independent News 52% up and raises dividend

Independent Newspapers, the Dublin-based news publishing group which has a listing on the London Stock Exchange, yesterday reported a 52 per cent rise in pre-tax profits for the year ended December 27 1985, and is to lift the dividend by 25 per cent.

The outcome for the year was I£4.61m (£4.17m), against a comparable I£3.03m, on turnover 11 per cent ahead at I£77.33m. The directors have declared a final dividend of 10p (Irish) per share, against 8p, for a 15p total (12p). Earnings per share came to 21.9p (13.4p).

The directors said that trading conditions for the national and provincial press in the Irish Republic, while still difficult, showed some signs of improvement as the year progressed. There was some increase in the level of advertising, and small gains in circulation levels were recorded, partly reflecting production and other difficulties at a competitor.

Internationally, progress over the past few years continued with "some very commendable results" in the UK, and France, while the West German advertising company, Superposter, yielded satisfactory results.

In the US, the company's Californian radio interests performed below expectations, and were affected by currency translation. These interests have been sold, subject to approval by the US authorities, which is expected shortly.

Since the year end the group has sold its remaining holding in Reuters. This has resulted in a cash inflow of some I£6m (£5.4m).

Yearlings lower

The interest rate for this week's issue of local authority bonds is 11⅝ per cent, down 1/16 of a percentage point from last week, and compares with 12¼ per cent a year ago. The bonds are issued at par and are redeemable on March 4 1987.

A full list of issues will be published tomorrow.

First Scottish American improvement

Substantial all-round growth has been shown in the year ended January 31 1986 by First Scottish American Trust. Earnings are 47 per cent higher and the dividend is lifted 48 per cent.

Net revenue came out at £3.33m, against £2.28m, for earnings of 10.42p, compared with 7.08p, per share. Gross income totalled £5.54m (£4.09m) with investment income up to £4.78m (£3.38m). Corporation tax was £404,000 (£663,000) and imputation tax £1.18m (£655,000).

Shareholders receive a final dividend of 6p which gives a total of 10p net for the year. This compares with not less than 9p forecast and with 6.75p for the previous year.

At January 31 the net asset value per share had moved ahead to 366.5p xd, from 339.9p a year earlier.

Last month the company raised nearly £20m net through an 11¼ per cent debenture issue. Most of the proceeds are earmarked for the UK equity market, with the balance in gilts until this can be switched into equities without prejudice to dividend growth. Simultaneously, the overseas element of the portfolio is being reduced and temporary bank borrowings eliminated.

Bluebird Toys shares hit high as profits rise 71%

SUBSTANTIAL increases in sales and profits for 1985 have been achieved by Bluebird Toys, which came to the USM a year ago, and the dividend is well over forecast. The company is paying 3.5p net, compared with the expected 3.15p.

Bluebird makes toys for the 3-to-10 age group and markets most of them through leading retailers such as Asda, Boots, BHS, Sainsbury and Woolworth. Its shares were put on the market at 90p and yesterday stood at a high of 218p—a rise of 8p on the day.

Turnover in 1985 rose by 56 per cent, from £5.57m to £8.68m, while the profit before tax advanced by 71 per cent, from £739,000 to £1.27m.

Signs for the current year, the directors say, are that it will be one of further progress, and they look forward with confidence.

It is too early to make firm predictions, but the order book is strong, the new Aerobie toy has been well received and wide distribution secured, and the liquid position has been further strengthened with cash and investments exceeding £2m.

After tax £508,000 (£402,000) the net profit for the year comes to £757,000 (£337,000) for earnings of 12.8p (7.8p). An extraordinary deferred tax charge of £85,000, required at January 1 1984 and provided at the expected future rate, has been excluded from the earnings.

Dialene higher in first half

Dialene, the plastic housewares manufacturer which came to the Unlisted Securities Market in December, achieved a 12 per cent rise in attributable profit for the half year to November 30 1985.

The company expects to pay a final dividend of 2.9p in October, in line with its flotation prospectus.

Turnover for the half year rose 31 per cent from £1.57m to £2.06m, with trading profit up 65 per cent from £182,000 to £300,000.

Attributable profit amounts to £253,000 (£223,000) after tax of £108,000 (£19,000). Earnings per share are 7.2p (6.4p), or on a post placing basis, 6.9p (6.1p).

The company said higher sales of nursery furniture had lifted first half turnover and the forward order book remained buoyant. The directors were confident about future prospects.

Inv. in Success

"Investing in Success" Equities had a net asset value of 703.4p per 25p share at end-January 1986, against 675p a year earlier and 576.2p at end-July 1985.

It improved its net revenue for the year from £371,637 to £410,616, for earnings per share shown ahead from 6.07p to 6.71p.

The directors are lifting the total dividend to 5.74p (5.46p) with a final up from 4.2p to 4.48p.

Total revenue was down from £1.11m to £972,949, but expenses, *including* interest, fell to £355,136 (£556,777).

Tax amounted to a higher £207,197 (£181,256).

Two property companies seek help from BES

BY ALICE RAWSTHORN

TWO property-based companies, Bright Walton Homes, which will run old people's homes, and Barnham Broom, an established country club, have joined the stream of companies appealing to investors for capital under the Business Expansion Scheme.

Bright Walton Homes plans to raise £5m through the issue of 5m shares at £1 in an issue sponsored by the merchant bank, Hill Samuel. The subscription list will open on Thursday.

The company plans to own and operate residential homes for the elderly, chiefly in the South and South-east England. It envisages opening between three and 10 homes initially, and once these are established will diversify into nursing homes.

Although Bright Walton will own the homes it has entered into an agreement with Health Care Services, the USM quoted hospital and home management concern, to select suitable homes for Bright Walton and to assume responsibility for their marketing and management.

Barnham Broom is an established country club, based near Norwich, which aims to raise £2.5m through the Business Expansion Scheme to expand its hotel and conference facilities and its golf course.

The issue, which is sponsored by LET Financial Service, will release 3.6m shares at 70p each. Investors must apply for a minimum of 750 shares and thereafter for a multiple of 250. The issue will also open on Thursday.

Over recent weeks, an unprecedented stream of Business Expansion Schemes have been unleashed onto the market.

Tilbury Group

Tilbury Group, the construction company which has tabled a £9.25m cash bid for West's Group International, the specialist contractor, has bought 25,000 of West's ordinary shares, bringing its total stake to 21.87 per cent.

LADBROKE INDEX
1,262-1,266 (−9)
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Go-ahead for Explaura project

BY KENNETH MARSTON, MINING EDITOR

Explaura Holdings has given the go-ahead for a C$10m (£4.84m) limestone quarrying project based on reserves of 700m tons of high grade deposits at Bay St George in Newfoundland.

The material is suitable for aggregate and construction purposes.

—Explaura expects to be able to ship loads of up to 55,000 tons of aggregate in self-unloading vessels direct from the quarry, which adjoins a virtually ice-free bay, to ports on the US eastern seaboard.

This, it is claimed, would mean a cost advantage of some US$2 per ton over the US suppliers to these "sunbelt" market areas which have to use higher cost road, rail or barge transport.

The company has set a provisional production target of 4m tons of crushed stone aggregate and aims to be in production some time next year.

CRAY ELECTRONIC Holdings: Acceptances have been received for 98 per cent of 5.81m new shares offered via rights issue. The remainder have been sold in the market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bluebird Toys‡	3.5	April 11	—	3.5	—
Capital and Counties	2.3¶	May 2	3.7	4.5¶	5.3
First Scottish American	6	—	4.75	10	6.75
Independent News‖	10	—	8	15	12
Inv in Success	4.48	—	4.2	5.74	5.46
Ladies Pride	0.25	April 24	1	0.75	1.5
Marley	2.35	May 9	2.35	3.75	3.75
Mt Charlotte	0.87	July 2	0.74	1.4	1.2
Radius‡	0.44	April 22	—	0.44	—
Rex Williams‡	0.49	April 2	—	0.91	—

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For nine months. ‖ Irish currency throughout.

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Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	110	Ass. Brit. Ind. Ord.	127	+1	7.3	0.7	7.8	7.3
151	121	Ass. Brit. Ind. CULS	132	+1	10.0	7.6	—	—
75	43	Airsprung Group	70	—	6.4	9.1	11.7	16.2
46	33	Armitage and Rhodes	33	—	4.3	13.0	4.1	4.9
170	108	Bardon Hill	170	—	4.0	2.4	21.5	22.4
64	42	Bray Technologies	57	—	3.9	0.6	7.0	8.0
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pref.	99	—	15.7	15.9	—	—
135	80	Carborundum Ord.	135	—	4.9	3.6	6.7	10.6
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.6	—	—
65	46	Deborah Services	57xd	−1	7.0	12.3	6.9	7.6
32	20	Frederick Parker Group	21	—	—	—	—	—
57	80	George Blair	97	+1	—	—	4.0	7.2
68	20	Ind. Precision Castings	68	+1	3.0	4.4	17.9	15.0
218	163	Isis Group	163	—	10.0	6.2	12.5	10.7
122	101	Jackson Group	118	—	5.5	4.7	7.9	7.6
327	228	James Burrough	327	—	15.11	4.8	10.3	10.3
95	85	James Burrough 9 pc	92xd	—	12.9	14.2	—	—
95	64	John Howard and Co.	64	—	5.0	7.0	5.1	0.0
850	570	Minihouse Holding NV	910	—	6.6	0.8	39.7	37.8
82	32	Robert Jenkins	70	—	—	—	9.1	20.0
34	28	Scruttons "A"	30	—	—	—	—	7.7
97	66	Torday and Carlisle	69	—	0.0	7.2	3.5	0.3
370	320	Trevian Holdings	325	—	4.3	1.3	18.6	18.2
49	25	Unilock Holdings	49	—	2.1	4.8	13.3	13.0
135	93	Walter Alexander	135	—	0.9	8.4	7.8	9.3
226	195	W. S. Yeates	200	—	17.4	6.7	5.7	0.8

UK COMPANY NEWS

Argyll legal move to proceed

BY RAYMOND HUGHES AND DAVID GOODHART

THE ATTEMPT by supermarkets group, Argyll, to legally quash the latest Guiness agreed bid for Distillers will go for full judicial review, probably tomorrow.

Argyll yesterday claimed in the High Court that the decision of the Monopolies and Mergers Commission on February 19 to lay aside its decision to refer the earlier Guinness bid was at adds with the 1973 Fair Trading Act because the bid had not been properly abandoned. The next day, Guinness announced a slightly amended offer which sought to address one of the major reasons for the referral—UK scotch whisky market share.

Argyll argued that the case was of "exceptional urgency and public importance" in view of its tussle with Guinness for control of Distillers. Mr Justice Webster agreed there was a case to be heard and, assuming that a judge is available, it will be heard on Thursday.

However, the court may respond sympathetically to any request by the MMC or the Trade and Industry Secretary, who was also a party to the decision, to seek and adjurnment.

Argyll will seek three orders:

- The quashing of the Commission's decision on February 19 tao lay aside the reference.
- Tha quashing of the Secretary of Stata's consent to the laying aside.
- A declaration that the reference to the Commisison, which had the effect, under the City takeover code, that the Guinness bid automatically lapsed, is valid and subsisting.

Mr Michael Sherrard, QC, for Argyll, told Mr Justice Webster thet the company's main contention was that, when the reference was laid aside on February 19, there had been no change in Guinness's intention to bid for Distillers.

Mr Ian McIntosh, of Argyll's merchant bank Samuel Montagu, said it was not clear whether the Commission and the Secretary of State had been eware that Guinness intended to announce an increased offer the next day.

If they had known, they had misdirected themselves on the question whether tha refarence could properly be laid asida; if they had not known, then tha reference had been laid aside "under a fundamental misapprehesion such as to render the laying aside void and without *legal effect*," *Mr McIntosh stated.*

Supporting the allegations that the bid proposals had not been abandoned within tha meaning of section 75 of the Act, he said that the press release of February 20 could not have been prodnced overnight; and that in fact Guinness and Distillers had been in virtually continuous session since February 13 when tha earlier bid was referred.

Mr Marcus Rutherford, a solicitor working for Argyll, also produced writtan evidence aiming to prove that the MMC could not have concluded that the aarliar proposals were abandoned, because it had not even begun considering them, he claimed.

He said that Sir Godfray Le Quesne QC, chairman of the MMC, had told him on February 19 that a group of Commissioners were never in fact eppointed to consider the original bid.

Argyll said yesterday that it was hoping to close the bid by Thursday but Mr McIntosh told the court that it could be extended. It is almost certain that it will be.

Argyll and concert parties now hold about 11.4 per cent of Distillers—Guinness and allies over 8 per cent.

Hill Samuel resigns as Extel's adviser

By Charles Batchelor

EXTEL GROUP, the business and sporting information company which is fighting a £173m takeover bid from Demerger Corporation, has lost the services of Hill Samuel, its longstanding merchant bank adviser, just two days befora pnblication of Demerger's formal offer document.

The loss of an adviser which knows the company well is potentially damaging to Extel's defence campaign. But Mr Alan Brooker, Extel chairman, said he did not believe the change would weaken the company's position.

Extel had been preparing its defences over the past few weeks, he added.

Hill Samuel said it offered to withdraw because it had acted in the past for British Printing and Communication Corporation and Pergamon Press, companies linked with Mr Robert Maxwell, who has built up a 15 per cent *holding* in Extel.

Extel has now appointed Kleinwort, Benson.

Mr Richard Lloyd, chief executive of Hill Samnat, said: "We don't know Mr Maxwell's intentions towards Extel but we have acted for BPCC and Pergamon in the past. It is deeply regrettable because we have had a long-standing relationship with Extel."

Hill Samuel's move prompted renewed speculetion that Mr Maxwell wonld launch a counterbid for Extel. Analysts pointed out that Mr Maxwell's holding in Extel has been public knowledge since February 12.

Extel's shares rose 8p yesterday to 411.

Carlton director sells holding

BY RAYMOND SNODDY

MR MICHAEL LUCKWELL, managing director of Carlton Communications, a video and television production company, has sold his 11 per cent stake in Carlton for about £25.5m and is leaving the company.

Mr Michael Green, chairman and chief executive of Carlton said yesterday the parting was "definitely amicable."

Mr Luckwell's shares were placed with institutional investors by Carlton's own brokers and it is believed they were oversubscribed nine times. The shares were placed at 740p compared with a market price on *Monday night of* 820p. The price fell 55p at one point yesterday but closed at 780p.

Mr Luckwell was appointed group manging director, a new post, in August 1983 after Carlton had acquired his company the Moving Picture Company, which specialises in television commercials and special effects. The purchase was paid for in £13m worth of Carlton shares. "He was very able, he had good ideas and he goes with our blessing," Mr Green said.

It is understood Mr Luckwell has plans to set up business in the US. He has signed covenants preventing him setting up in competition to Carlton.

Mr Luckwell was seen as an entrepreneurial businessman never fully at ease within a group structure. Ha had not been actually running any of the individual Carlton businesses for some time.

Mr Green, who is 37, is also a very active chairman and chief executive. The group managing director's post will now disappear.

A small Carlton acquisition of a television equipment company is expected next month.

Macarthys board changes

Jadelle, the company formed by e group of investment trusts to take over Macarthys Pharmaceuticals, said yesterday that it hsd completed the proposed changes to the Macarthys board.

Mr Albert Slow, the former Macarthys chairman, has resigned, as have Mr Michael Keeling, Mr John Jones and Mr Alan Ritchie. Mr Nicholas Ward has becoma chairman and chief executive and Mr John Read, Mr Jonathan Stone and Mr Dwight Makins have joined the board.

Mr Dwight Makins, the Jadella chairman, said yesterday: "The *level of acceptances* reflects a recognition by Macarthy's shareholders that they did not have to give up any part of their holding to ensure thst tha changes we sought were effected.

"I am also greatly encouraged by the recent strength in tha Macarthy's share price, which is now significantly higher than the offar price."

Hanson/Imps

Hanson Trust, which is making a £2.3bn takeover bid for Imperial Group, haa acquired a further 2m Imperial shares at 315p a share, lifting its holding to 1.65 per cent of the equity.

Manchester Ship control battle

BY DAVID GOODHART

THE BATTLE for control of the Manchester Ship Canal company could come to a head at Friday'a annual meeting. Highams, the privately-owned property company which holds 48 per cent of the equity, is seeking to appoint two of its own directors to the board in the face of opposition from the Ship Canal board.

Highams has proposed that Mr John Whittaker and Mr Martin Hill, the chairman and managing director, should join tha 21-member board. *It points* out that of the existing directors one holds 5 per cent and the remaining 20 hold 0.14 per cent between them.

The company say: "Highams has never sought any conflict with the MSC board. It previously made two written requests on January 18 and February 4 for the appointmant of two representatives and both were refused."

Because of the company's preference share structure Highams controls only 29 per cent of the voting shares.

Although Highams haa previously announced that it does not intend to make a bid for tha *outstanding* shares in the foreseeable future, Mr Donald Redford, the MSC chairman, has warned shareholders that he believes Mr Whittakar wants to take control.

Manchester City Council, which hss 11 of the 21 seats on the MSC board but owns no shares, is concerned that Highams will strip out the property assets valued st more than £30m.

Highams—a company with a turnover of more than £28m and about 1,000 employees—resents being painted as an asset stripper. It says that it wss first to hava the ides of developing MSC's prize 300-acre site at Barton, four miles from the centre of Msnchester. Mr Whittaker saya the development would produce 3,000 jobs during construction and 4,000 after completion.

Abbey move reflects UK slant

Abbey, the Irish building company which recently fought off a bid from the subsequently takenover French Kier Holdings, has decided to move its group headquarters to the *South of England.*

Mr Charles Gallagher, the chairman, said yesterday that the move was prompted by the fect that, following the sale of a large minority stake, more than 70 per cent of Abbey's equity is now owned by UK residents. The principal effect for shareholdars will be a reduction in the tax credit from 35/65th to 30/70th.

Mr Gallagher said "the ever increasing contribution of UK activities to group expansion make it desirable that management and control should be firmly rooted in the UK."

Biddle in talks

Biddle Holdings, the lift manufacturer and heating engineer, is in talks which could lead to an agreed bid for the company.

Granada bid for leisure park company is accepted

Granada Group, fighting a £753m takeover bid from Rank Organisation, yesterday announced that its recommended £6.75m cash offer for Park Hall Leisure, a company *traded* on the *London* over-the-counter market by Harvard Securities, had been accepted by the holders of more than 90 per cent of tha shares. This would allow Granada to compulsorily buy in the rest.

Granada, which owned 4.9 per cent of Park Hall hefora it leunched its bdi, had acceptances which gave it control of 78 per cent at the time it launched its bid.

Park Hall's principal asset is a leisure park near Preston, Lancs with a theme park, hotel, restaurants and shops.

Country Gentlemen's

The Country Gentlemen's Association, which on Monday received a £6.3m takeover bid approach from Bestwood, the investment holding company, yesterday said it was considering the offer with its financial advisers.

Sharp profits advance by Ozalid

From a turnover 43 per cent ahead et £52.65m Ozalid Group Holdings, a wholly-owned reprographic subsidiary of Oce-van der Grinten *of* the Netherlands, increased its 1984-85 pre-tax profits from £1.61m to £3.08m.

Operating profits resched £2.98m (£1.68m) and were after depreciation of £1.54m (£1.03m) and other operating costs of £48.12m (£33.99m). Comparative figures did not include the results of Oce Copiers (UK) which was transferred to the company in December 1984.

UK COMPANY NEWS

Ladies Pride loss at £0.4m

Ladies Pride plunged deeper into the red in 1984-85 and with losses per share emerging at 4.6p, compared with a previous 2.23p, the dividend for the year is being halved to 0.75p net.

The 12 months to November 30 1985 saw turnover of the Leicester-based fashion outerwear group improve from £7.09m to £7.54m. Pre-tax losses, however, rose by £115,000 to £397,000—the final dividend is being cut from 1p to 0.25p.

The directors say a review of all aspects of the group's main operation of fashion and design manufacture and distribution has been undertaken and changes seen to ba necessary to bring about an improved performance have been progressively implemented.

The effects of these changes aer now becoming apparent and they expect the group to be operating profitably by the end of the current year.

Radius profits jump to £0.99m

IN LINE with expectations when it came to the USM last year, Radius, Hull-based computer systems and maintenance group, reports pre-tax profits for the year to the end of November 1985 up by 97 per cent to £991,000 on turnover of £6.5m.

When it came to the market in October it forecast taxable profits of not less than £950,000. In the previous year it made £502,000 on turnover of £5.39m.

Earnings per 5p share come out at 7.3p, against 5.5p, and the directors are recommending a final payment of 0.44p, as forecast at the tima of the placing. They add that the payment covers the time from the placing to the end of the year and is equivalent to 2.66p for the full year.

The directors say that the market for the group's services has remained buoyant as the benefits and decreasing real costs of integrated computer systems continue to be eppreciated. While conditions in parts of the industry remain turbulent and price competitive Radius says that it competed successfully as a single-source supplier of services including software design, complete systems and maintenance.

The company has liquid assets of more than £2m, reflecting, the directors say, the effects of new capital and positive cash-flow from the strict control of working capital.

Since the year end the distribntive services division of Geest Computer Services of Peterborough has been bought for £38,000, giving Radius a seventh branch. The company is seeking further acquistions.

With a tax charge of £366,000 (£53,000) and dividends ebsorbing £43,000 (nil), the retained profit for the year comes out at £582,000 against the previous year's £449,000.

The present year has started well

● comment

Radius has been in the forefront of the recent recovery in USM electronics shares. But the company has paid the price for making eccurate profit projections in its prospectus and when it did not "surprise" the City by racing ahead of its own forecast was promptly punished with e 2p fall to 118p. Five years ago Radius transformed itself from a workaday computer systems supplier into e computer services company which sources most of its profits from maintenance and after sales services. These "peripheral" services have plumper margins than the intensely competitive areas of hardware and software supply. The only problem is that so many other workaday computer systems suppliers have suddenly realised what a good wheeze this is and competition is intensifying. Nonetheless Radius is in a wel entrenched position with footholds in healthcare and manufacturing systems, wbile finance and defence have been identified as potential growth areas. The City expects profits of £1.4m for the next financial year and a p/e of 13. Radius has a cashpile of just over £2m which wil be ploughed into acquisitions over the next few months. Once the next major acquisition is completed Radins plans go transfer to the main market.

BOARD MEETINGS

The following companies have notified rates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Eleco, Herrburger Brooks, Isotron, Mainmet, Victor Products.

Finals:—British Vending Industries, Child Health Research Investment Trust, English and Scottish Investors, Miss World, Olives Paper Mill, Philips' Laraps, Yorkshire Chemical.

FUTURE DATES

Interims:—	
Attwoods	Mar 5
Galliford	Mar 5
Leisure Investments	Feb 27
Madminster	Feb 27
Parker Knoll	Mar 10
Peters (Michael)	Mar 3
Sinclair (William)	Mar 5
Telematrix	Mar 4
Wood (S. W.)	Feb 28
Finals:—	
Beatson Clark	Mar 17
British Vita	Mar 3
Cadbury Schweppes	Mar 5
Fife Indmar	Mar 6
Good Relations	Feb 27
Humberside Electronic Controls	Feb 28
Johnstone's Paints	Mar 4
Nineteen Twenty-Eight Inv. Tst	Mar 4
Robinson Bros. (Ryders Green)	Mar 11
STC	Mar 7
Systems Designers	Mar 13
Wordplex Information Systems	Apr 17

Wardell Roberts coming to USM

By Richard Tomkins

Wardell Roberts, a Dublin-based company which markets tea, coffee and snack foods in the Irish Republic and Northern Ireland, is expected to join the Unlisted Securities Market through a placing next week.

The business was incorporated in 1965 when it amalgamated a number of tea companies. It was then known as ITM, meaning Irish Tea Merchants.

As well as packing, blending, marketing and distributing tea and coffee to retail and catering outlets, the company now markets and distributes snack foods, sweets and other products, and its name has been changed to reflect its wider interests.

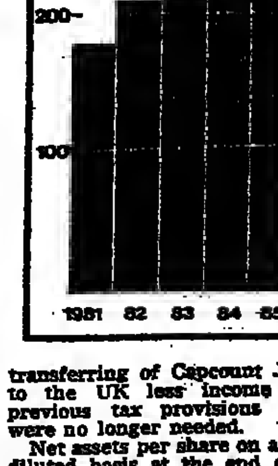
The chairman of the company is Mr Dennis Wardell, a founder director and shareholder. The second part of the company's new name reflects the strong brand name of Roberts coffee, one of the products it distributes.

The flotation is being sponsored by DCC Corporate Finance, which also sponsored the flotation of two other Irish companies on the USM: FII, the fruit and vegetable supplier, in 1981, and Flogas, the liquefied petroleum gas supplier, in 1983.

Brokers to the issue are J. & E. Davy of Dublin. The prospectus will be issued next week.

Capital & Counties makes £9.16m in nine months

Capital & Counties, property investment and development group, reports pre-tax profits of £9.16m on turnover of £12.57m for the nina months to the end of December 1985. As it has changed its year end, comparisons are difficult, but for the previous 12 months pre-tax profits were £9.96m on turnover of £15.48m.



The directors of this group, which during the period was taken over by the South African-controlled Transatlantic Insuranca Holdings, are recommending a final dividend of 2.3p, making a total for tha nine months of 4.5p. Earnings per share came out at 8.7p.

In the year to March 25 there was a total payment of 5.3p from earnings per share of 9.2p.

Turnovar was split between property investment £11.01m (£12.2m) and property treding £1.56m (£1.39m). In the comparative period there was also £1.9m relating to a housebuilding subsidiary which has since been sold.

Administrative expenses were £2.82m (£3.12m) and net interest paymento were £1.43m (£2.97m). Other income and the share of an associate totalling £849,000 (£571,000) was included in the pre-tax figure. The tax charge was £2.48m (£2.88m) and with extraordinary items taking £1.47m (nil) and dividends ebsorbing £3.46m (£4.07m) retained profit for the period came out at £1.76m (£3m).

Extraordinary items related to tax provisions involved in the transferring of Capcount Jersey to the UK less income from previous tax provisions which were no longer needed.

Net assets per share on a fully-diluted basis at the end of the period rose to 280p, compared with 256p on March 25.

An independent valuation of the investment portfolio on an open market basis at December 31 resulted in a surplus of £20.5m, an increase of 9.1 per cent during the nine months.

Transatlantic gained control of Capital & Counties in a £173m contested takeover battle, which ended in July, and now holds a little less than 90 per cent of the equity.

Radio City may auction Beatle collection in US

THE ENTIRE collection of memorabilia at the Beatle City Exhibition centre in Liverpool is likely to be euctiooed in America later this year unless a buyer can be found for the collection by the end of next month.

The centre is owned by Radio City (Sound of Merseyside). It has been a drain on the company's resources since it was opened in 1984 after three years of planning.

Recently a potential buyer of the centre withdrew from a favourable sales agreement.

However, at yesterday's annual meeting the company's chairman, Mr G. K. Medlock, told shareholders that unless arrangements were finalised by tha end of March it was the directors' intention to auction the entire collection in New York in June.

COMPANY NEWS IN BRIEF

DEBORAH SERVICES reports turnover of £15.3m (15.2m) and pre-tax profit 375,000 (£301,000) for the half year ended September 30 1985. The interim dividend is again 1.21p net. Mainstream activities — scaffolding, powered access and insulation—continued to perform satisfactorily and the painting division is now profitable. The directors are confident of e reasonable second half (£732,000 profit in same period last year). The shares are traded in the market made by Granville.

EXCALIBUR JEWELLERY, manufacturer of watches and jewellery, incurred higher pre-tax losses of £112,603, against £25,530, over the six months to end-October 1985. T urnover was lower at £2.64m (£2.75m). The company does not pay interim dividends.

ANGLO-AMERICAN Securities Corporation, reports pre-tax revenue for 1985 of £5.67m, against £4.93m for the 50 weeks to the end of December 1984. Gross revenue was £7.4m (£6.34m) and from earnings per share of 6.53p (5.36p) the directors propose a final dividend of 4.7p (4.2p), making e total of 6.2p (5.7p).

GARTMORE INFORMATION and Financial Trust is holding its net dividend for 1985 at 1.1p (final is a same-again 0.675p) from earnings of 0.78p (1.13p) per 25p share. Net asset valua for the year declined to 63p (69.4p). Gross revenue totalled £2.61m (£3.07m). Net revenue after all charges, inclnding tax of £331,821 (£438,171), emerged at £601,957 (£867,430).

UPDOWN INVESTMENT CO raised net asset value per 25p share from 242p to 268p in 1985. Gross revenue improved to £412,512 (£332,013). Net revenue £245,811 (£188,473), after expenses £37,336 (£41,240), debenture interest £12,600 (same) and tax £116,765 (£89,700). Earnings amounted to 6.15p (4.71p). Dividend is 4.8p (3.7p) net.

EDENDERRY SHOES, the Dublin-based investment holding company with interests in sboe and boot manufacturing, reports increased taxable profits of I£165,714, against I£103,150, for the six months to January 3 1986. Turnover was up from £2.45m to £3.03m and tax was £48,820 (£28,488). Interim dividend is unchanged at 2p.

THROGMORTON SECURED Growth Trust raised net asset value per capital loan stock unit to 395p at the end of January 1986 against 350.7p six months earlier. After-tax revenoe for the six months period was slightly higher et £166,000, against £162,000 last time. Earnings per 25p share edged up from 1.62p to 1.66p and the net interim dividend is maintained at 1p—last year's final was 2.75p. First-half gross revenue was £442,000 (£432,000). Expenses and interest took £204,000 (£197,000) end tax accounted for £72,000 (£73,000). The interim payment absorbs £100,000 (same).

ROMNEY TRUST has seen its net asset value rise from 316.9p to 341.8p by the end of 1985, assuming full conversion of the loan stock and allowing for a proposed final dividend of 3.35p—this gives a total of 5p (4.6p) for the year. Gross revenue came to £3.87m (£3.17m), with dividends and interest received at £3.8m (£3.14m). Expenses and interest paid were £864,000 (£1.1m) and tax was £1.1m (748,000), leaving earnings per share of 6.53p (4.49p).

BRITISH KIDNEY Patient Association Investment Trust: Net asset value expanded from 150.7p to 180.6p at the year end 1985. The dividend is lifted from 3.25p to 4p. Revenue, before tax of £15,636 (£10,674), came oot et £52,119, compared with £36,459. Earnings per share, after the charge emerged ahead from 4.17p to 5.9p. Pre-tax figure was after interest of £39,575 (£39,570), administration expenses £4,847 (£4,458), but included interest on short-term deposits of £7,711 (£3,764) and other income, up from £3,890 to £9,068.

WSL HOLDINGS, formerly Wolverhampton Steam Laundry, has reduced its losses after switching the emphasis of its activities towards the provision of school travel. For five months to August 31 1985 its losses after tax and extraordinary itema was £12,000 against £50,000 for the year to March 30 1985.

PINEAPPLE DANCE STUDIOS bas bought for £215,000 e 33 per cent stake in Rocks, a London-based designer and supplier of costume jewellery. On completion £100,000 will be paid in cash with the balance a year later, oither by shares or cash.

F.T. Share Information

The following securities have been added to the Share Inforamtion Services:

Japan Assets Trust Warrants and 4¼ per cent Conv. Uns. Eoan Stock 1994 (Section: Investment Trusts).

BASE LENDING RATES

ABN Bank	12½%	■ Guinness Mahon	12½%
Allied Dunbar & Co.	12½%	■ Hambros Bank	12½%
Allied Irish Bank	12½%	Heritable & Gen. Trust	12½%
American Express Bk.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	12½%
Henry Ansbacher	12½%	Hongkong & Shanghai	12½%
Associates Cap. Corp.	12½%	Johnson Matthey Bkrs.	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	13 %
Bank Hapoalim	12½%	Lloyds Bank	12½%
Bank Leumi (UK)	12½%	Edward Manson & Co.	13½%
BCCI	12½%	Meghraj & Sons Ltd.	12½%
Bank of Ireland	12½%	Midland Bank	12½%
Bank of Cyprus	12½%	■ Morgan Grenfell	12½%
Bank of India	12½%	Mount Credit Corp. Ltd.	12½%
Bank of Scotland	12½%	National Bk. of Kuwait	12½%
Banque Belge Ltd	12½%	National Girobank	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd	13½%	Northern Bank Ltd.	12½%
Brit. Bank of Mid. East	12½%	Norwich Gen. Trust	12½%
■ Brown Shipley	12½%	People's Trust	13½%
CL Bank Nederland	12½%	PK Finans. Intl. (UK)	13½%
Canada Permanent	12½%	Provincial Trust Ltd.	13½%
Cayzer Ltd.	12½%	R. Raphael & Sons	12½%
Cedar Holdings	13 %	Roxburghe Guarantee	13 %
■ Charterhouse Japhet	12½%	Royal Bank of Scotland	12½%
Citibank NA	12½%	Royal Trust Co. Canada	12½%
Citibank Savings	¶12½%	Standard Chartered	12½%
City Merchants Bank	12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13 %	United Bank of Kuwait	12½%
Comm. Bk. N. East	12½%	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Continental Trust Ltd.	12½%	Whiteaway Laidlaw	13 %
Co-operative Bank	*12½%	Yorkshire Bank	12½%
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	13½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		
Grindlays Bank	‡12½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 6.70%, 1-month 9.80%. Top Tier—£2,500+ at 3 months notice 12.06%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9% gross.

¶ Mortgage base rate.

§ Demand dep. 9½%. Mortgage 13%.

Notice of Redemption

TO HOLDERS OF

Burroughs International Finance N.V.

15¾% Guaranteed Notes Due 1988

Pursuant to the provisions of the Indenture dated as of March 15, 1982 (as supplemented), among Burroughs International Finance N.V. (the "Company"), Burroughs Corporation (the "Guarantor") and Chemical Bank (the "Trustee") (the "Indenture"), the Company hereby calls for redemption on March 15, 1986 (the "Redemption Date") all of its outstanding 15¾% Guaranteed Notes due 1988 (the "Notes"), at the price of 101% of the principal amount thereof (the "Redemption Price"). The aforementioned redemption is an optional redemption permitted by Section 1001 of the Indenture.

On and after the Redemption Date, the Notes will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to March 15, 1986 attached, either at the **office of the Paying Agent, Chemical Bank, 55 Water Street, New York, New York 10041 or at the main offices of Chemical Bank in Frankfurt/Main, London, Paris and Zurich, Algemene Bank Nederland in Amsterdam, Banque Générale du Luxembourg in Luxembourg, Swiss Bank Corporation in Basel and Union Bank of Switzerland in Geneva.**

Interest on the Notes shall cease to accrue from and after the Redemption Date. All coupons maturing after said date which appertain to such Notes shall be void. Coupons maturing on March 15, 1986, and prior thereto, should be detached and surrendered for payment in the usual manner.

If any Note surrendered or deposited for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Note may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons. If a deduction shall have been made from the Redemption Price in the case of such missing coupon and thereafter the Holder of such Note shall surrender to the Trustee such missing coupon, such Holder shall be entitled to receive the amount so deducted.

Burroughs International Finance N.V.
By: Chemical Bank, Trustee

Date: February 12, 1986

Holders of the Notes presenting Notes for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance Act of 1983 on or before the date of such presentation.

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.$ 100,000,000
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months period from February 21, 1986 to May 21, 1986 the Notes will carry an interest rate of 9% per annum with e coupon amount of U.S.$ 197.78.

Frankfurt/Main, February 1986

COMMERZBANK AKTIENGESELLSCHAFT

To the Holders nf

E.L. INTERNATIONAL LIMITED

4¾% Convertible Subordinated Guaranteed Debentures Due 1987

NOTICE OF ISSUANCE OF STOCKHOLDER RIGHTS

NOTICE IS HEREBY GIVEN, in accordance with notice provisions of the Indenture dated as of December 15, 1972, among E.L. International Limited and Economics Laboratory, Inc. as *Guarantor ("Econ Lab") and Morgan Guaranty Trust Company as Trustee*, that the Board of Directors of Econ Lab adopted on February 14, 1986, a Stockholder Rights Plan. The plan is designed to protect stockholder interests by preventing a potential acquiror from gaining control of Econ Lab without offering a fair price to all of its stockholders. Under the plan, each stockholder of record at the close of business on March 11, 1986, will receive a dividend distribution of one right for each share of Econ Lab common stock. The rights expire on March 11, 1996.

Each right entitles stockholders to purchase from Econ Lab one one-hundredth of a share of junior participating preferred stock at an exercise price of $150 (subject to adjustment) (the "Exercise Price"). The rights will become exercisable, and will detach from the common stock, fifteen days following the date on which any individual or group acquires 20% or more of Econ Lab's common stock, or commences a tender or exchange offer which, if consummated, would result in that person owning at least 30% of the common stock (such date being the "Distribution Date").

If any individual or group becomes the beneficial owner of 50% or more of Econ Lab's common stock, or if a 20%-or-more owner combines with Econ Lab in a reverse merger in which Econ Lab survives and its common stock is not changed, or in the event of certain self-dealing transactions between the 20% owner and Econ Lab, each right will then entitle its holder to purchase, at the then current Exercise Price, Econ Lab common stock with a value of twice that amount. In any such event, the 20%-or-more owner is prohibited from exercising the rights. Or, if following an acquisition of 20% or more of the common stock, Econ Lab is acquired by any person in a merger or sells 50% of its assets or earning power to any person, each right will entitle its holder to purchase, at the then current Exercise Price, stock of the acquiring company with a value of twice that amount.

Econ Lab may redeem the rights at $.05 per right at any time on or prior to the fifteenth day (subject to extension) following the date on which any person acquires 20% or more of its common stock. Thereafter, Econ Lab's right of redemption may be reinstated if the 20%-or-more owner reduces his beneficial ownership to 10% or less of the outstanding shares of common stock in e transaction or series of transactions not involving Econ Lab.

Holders of the Economics Laboratory, Inc. 4¾% Convertible Subordinated Guaranteed Debentures Due 1987 will receive said rights upon the conversion of their Debentures into shares of common stock until the Distribution Date unless the rights are earlier redeemed or expire. Details of the distribution, as well as the basic terms of said preferred stock, are outlined in a letter to holders of common stock, copies of which will be available at the offices of the Trustee and agencies maintained for the conversion of the Debentures after the record date.

ECONOMICS LABORATORY, INC.
S. LARS OLSON, *Vice President & Treasurer*

Dated: February 26, 1986

HERE'S A LIST OF SOME OF THE MOST PROGRESSIVE AND FAR-SIGHTED COMPANIES IN BRITAIN.

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BRITISH PETROLEUM COMPANY PLC
THE BURTON GROUP
ALLIED-LYONS PLC
THE BOOTS COMPANY PLC
THE ASSOCIATION OF BRITISH TRAVEL AGENTS LIMITED
WHITBREAD AND COMPANY PLC
CADBURY SCHWEPPES PLC
NORTHERN FOODS PLC
BAKER PERKINS PLC
PILKINGTON BROTHERS PLC
INTERNATIONAL THOMSON ORGANISATION PLC
BUILDERS' MERCHANTS FEDERATION
GRAND METROPOLITAN PLC
TESCO STORES LTD.
BRITISH ASSOCIATION OF PROFESSIONAL HAIRDRESSING EMPLOYERS
GALLAHER TOBACCO (UK) LIMITED
THE DISTILLERS COMPANY PLC
ESSO UK PLC
TARMAC PLC
ASDA-MFI GROUP PLC
THE POST OFFICE
THE PLESSEY COMPANY PLC
MOTOR AGENTS ASSOCIATION LIMITED
ELECTRICITY COUNCIL
IBM UK LIMITED
GLAXO HOLDINGS
GUEST KEEN & NETTLEFOLDS PLC
IMPERIAL GROUP PLC
COURTAULDS PLC
THE BOC GROUP
SCOTTISH AND NEWCASTLE BREWERIES
BRITISH SHIPBUILDERS
IMPERIAL CHEMICAL INDUSTRIES PLC
TATE & LYLE PLC
AUSTIN ROVER
BASS PLC
ROWNTREE MACKINTOSH PLC
ARGYLL GROUP PLC
LITTLEWOODS ORGANISATION
RANK XEROX LIMITED
GEORGE WIMPEY PLC
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FT COMMERCIAL LAW REPORTS

Single application for oilfield rights

RE BP PETROLEUM DEVELOPMENT LTD
Chancery Division: Mr Justice Warner: February 18 1986

THE COURT has power to grant a licensed oil-field operator the right to use and occupy land for laying petroleum pipelines as well as other rights ancillary to the licence.

Mr Justice Warner so held when giving judgment for BP Petroleum Development Ltd on a preliminary issue in its application, made through the Department of Trade and Industry, for a compulsory grant of the necessary rights to use and occupy land on which it wished to construct facilities.

The Mines (Working Facilities and Support) Act 1923 ("the 1923 Act") concerns the acquisition of ancillary rights for mining purposes. Section 3(2) provides "... such ancillary rights shall include ... (b) a right of ... underground wayleave ... for the purpose of conveyance of minerals."

Section 3(1) of the Petroleum Productions Act 1934 provides: "Part I of [the 1923 Act] as amended by any subsequent enactments, shall apply for the purpose of enabling a person holding a licence under this Act to acquire such ancillary rights ... (b) the ancillary rights ... shall include a right to use and occupy land for laying and maintenance of such pipes ... as may be required for ... carrying away ... petroleum."

Section 57 of the Pipe-Lines Act 1962 provides: "The reference in [section 3 (2) (b) of the 1923 Act] to conveyance of minerals shall be construed as not including conveyance by means of a pipe."

★

HIS LORDSHIP said that the Wytch Farm oilfield in Dorset was operated by BP under licence granted by the Secretary of State for Energy.

It already had leases and agreement with owners and tenants of land which enabled it to construct facilities for its present production. However, in order to produce additional oil it needed increased facilities.

They included an enlarged gathering station, an enlarged pumping station, enlarged well sites, a new water supply compound, new roads and new pipe lines.

Faced with the allegedly unreasonable attitude of owners and tenants, BP launched an application under the Mines (Working Facilities and Support) Act 1966, with a view to obtaining from the court a compulsory grant of the necessary rights to use and occupy land for those purposes.

The procedure under the Act was that an application for ancillary rights was sent to the Department of Trade and Industry (DTI) which referred it to the court unless the applicant failed to make out a *prima facie* case.

In the present case the DTI referred the application to the court but expressed doubt as to whether it had power under the 1966 Act to confer ancillary rights in respect of "the conveyance of petroleum by means of pipe-lines." The origin of that doubt was section 57 of the Pipe-Lines Act 1962.

The question on the present preliminary issue was whether it had such power. There was no doubt that it had power to grant such rights in respect of all the other facilities needed by BP.

Section 11 of the 1962 Act prescribed a procedure whereby a person proposing to execute works on land for placing a pipeline might obtain consent for compulsory purchase from the Secretary of State for Energy. Section 12 afforded a similar procedure whereunder the Secretary of State might confer rights falling short of a compulsory purchase. Orders under both sections were subject to special parliamentary procedure.

The suggestion put forward on behalf of the DTI was that the 1962 Act took away the court's power to confer ancillary rights for the conveyance of petroleum by pipe, so that insofar as BP needed rights for that purpose, it must apply to the Secretary of State for Energy under section 11 or 12 of the 1962 Act.

The 1966 Act consolidated Part I of the 1923 Act and amending enactments, including section 57, but excluding the 1934 Act which it left untouched. It was common ground that the usual presumption applied that a consolidating Act did not change the law.

Mr Essayan for BP contended that to accede to the DTI's suggestion would lead to an absurd situation. It would mean that in respect of facilities other than petroleum pipelines BP must apply through the DTI to the court under the 1966 Act, but that in respect of petroleum pipelines it must apply to a different authority (the Secretary of State for Energy) who must adopt a different procedure.

The absurdity was compounded by the fact that the practice was to lay petroleum pipelines with water pipelines, electricity cables, and fibre optics in the same trench, to minimise cost and disturbance to the environment.

Mr Essayan submitted that on the proper construction of the legislation the procedure under the 1966 Act as extended by section 3 of the 1934 Act, remained available side by side with the procedures under sections 11 and 12 of the 1962 Act, the former being appropriate in the case of pipelines within an oilfield and the latter being generally appropriate in the case of pipelines not forming an integral part of the equipment of an oilfield.

The Acts of 1923 (by section 3(2)(b)) and 1933 (by section 3(1)(b)) mentioned separately two ancillary rights—(1) a right of underground wayleave for the purpose of conveying minerals, and (2) a right to use and occupy land for the laying and maintenance of such pipes as might be required for the purpose of carrying away petroleum.

As the result of amendment by section 57, the DTI argued, the court no longer had jurisdiction under the 1923 Act to grant the first right insofar as it related to conveyance by means of a pipe.

It was argued that although the court's power to grant the second right was not expressly referred to in section 57, it could not sensibly survive the removal of the court's power to grant the first, because it would be absurd for the courts to have power to grant a right to lay and maintain pipes if it could not grant the right to use them. That part of section 3(1) of the 1934 Act which conferred power on the court to grant the second right must therefore have been repealed by necessary implication.

Perhaps the most obvious weakness in that argument was that it relied on the doctrine of implied repeal.

★

Halsbury's Laws of England, vol 44 para 966, read: "Repeal by implication is not favoured by the courts ... The rule is ... that one provision repeals another by implication if, but only if, it is so inconsistent with or repugnant to that other that the two are incapable of standing together. If it is reasonably possible so to construe the provisions as to give effect to both, that must be done."

The court must not treat section 57 as impliedly repealing anything in the 1934 Act unless it was convinced that they could not stand together.

It was far from convinced. Section 57 applied generally to all pipelines for the conveyance of minerals, with certain specified exceptions. Section 3 of the 1934 Act applied only to pipes for the conveyance of petroleum. There was no difficulty in treating the latter as an additional exception.

Another weakness in the argument started from the undeniably correct premise that in the present context the right to lay pipes could not sensibly be granted without the right to use them. It then deduced that as the court's power to grant the right to use was taken away, its power to grant the right to lay and maintain was also taken away.

It rejected the other possible conclusion that because the court's power to grant the right to lay and maintain was not expressly taken away, its power to grant the right to use was not taken away either.

That such a power existed seemed implicit in the words "such pipes ... as may be required for the purpose of ... getting, carrying away petroleum" in 3(1)(b) of the 1934 Act.

Where two possible conclusions could be drawn as to the effect of statutory provisions, it was little short of perverse to choose the one that produced the sort of absurdities evinced in the present case.

It was not necessary to do violence to the statutory language in order to avoid the absurdities. There was nothing in the wording of section 3 of the 1934 Act to suggest that the court's powers under that section in relation to pipes were dependent on the existence of its power under section 3 of the 1923 Act to get a right of wayleave for conveyance of minerals.

On the contrary, section 3 of the 1934 Act was expressed to modify in favour of the holder of a petroleum licence the effect of Part I of the 1923 Act "as amended by any subsequent enactment," which included the 1962 Act.

For those reasons the court had jurisdiction under the 1966 Act to grant rights of the kind applied for by BP in respect of petroleum pipelines.

For the DTI: John Mummery (Treasury Solicitor).

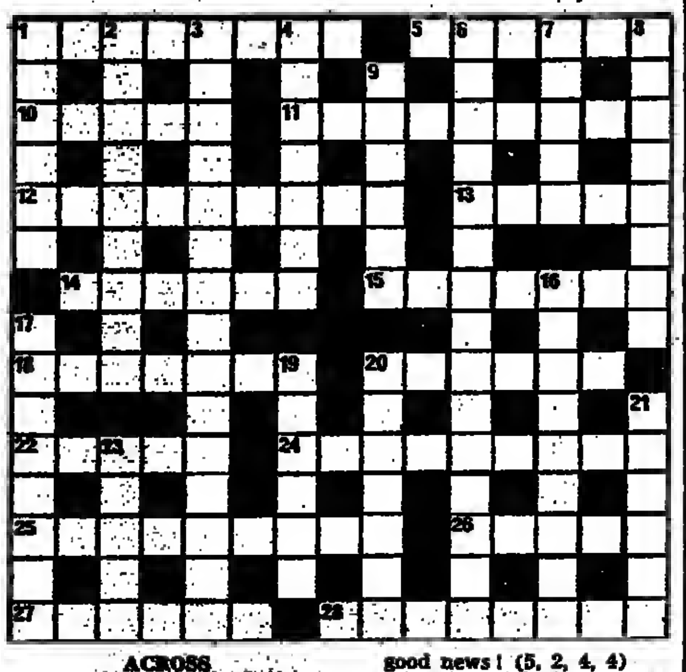
For BP: Michael Essayan QC and Michael Driscoll (Slaughter & May).

By Rachel Davies
Barrister

★

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London, WC2B 6BD. Phone 01-831 0391.

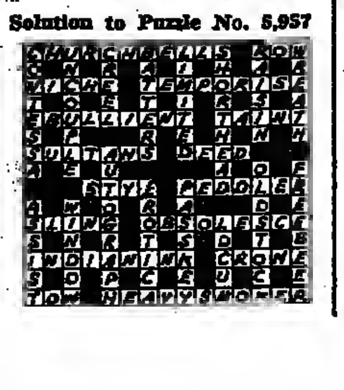
F.T. CROSSWORD PUZZLE No. 5,958



ACROSS
1 Tea with fine china—how delightful! (8)
5 Stimulus, say, for a prince (6)
10 Having parotitis, musicians go to chemist (5)
11 How this steak could be done in Loire town? (9)
12 Amount taken off for piece of work by Holmes. (9)
13 Score one century like those old edgy characters (5)
14 Recess in cathedral — Coventry perhaps (6)
15 But he does not listen to our accounts! (7)
18 Shorter guide to be prepared? (7)
20 A classic law is laid lower for the Russian. (6)
22 Spanish wines guys can keep down? (5)
24 Conservative bid to be first in prayers (9)
25 Red port for Michael, for instance (9)
26 What confusion about red-head—and indignation (5)
27 Twice set out to find the fly (6)
28 No sir, students' prank has been overthrown in the fort (8)

DOWN
1 Amusing scenes? (6)
2 M1 road all in disorder—I have a plated body (9)
3 Notes for listeners? Such good news! (5, 2, 4, 4)
4 Salt used in dark ceremony, some say (7)
6 Change of hardy underwear's required for extended conflict (7, 5, 3)
7 Left port, carrying cargo (5)
8 Fresh delivery from the sea-side? (8)
9 The Spanish gooseberry? (6)
16 Coal first used in modern spectacles (9)
17 Kind of painting sailors followed, we hear (8)
19 What one hug might turn out to be for a prude? (6)
20 Boy's twice-written article in Lucerne (7)
21 Dash of soda-water? (6)
23 See crane-fly? It is iridescent on the shore (5)

Solution to Puzzle No. 5,957



Operations director for Teacher spirits group

TEACHER (DISTILLERS), (spirits group of Allied-Lyons) has appointed Mr Derrick Fillingham, managing director of Wm. Teacher and Sons, as operations director of Teacher (Distillers). The deputy managing director of Wm. Teacher and Sons, Mr Michael Cowman, succeeds Mr Fillingham. Mr Patrick T. Burke, who came to the group early in 1985 as managing director of Stewarts of Dundee, has been appointed to the board of Teacher (Distillers).

★

FITCH LOVELL has appointed to the board Mr Bill Brown as managing director of the distribution division and Mr Adolf Winter as managing director of the manufacturing division. Both were divisional executives.

★

Mr Laurence Stephen Lebor has been appointed a director of SOUTHEND STADIUM. Mr Paul Maurice has been appointed secretary in place of Mrs V. Beatwell, who has resigned. Mr Lebor is an executive director of Larches Securities, a subsidiary of Shop Constructions *(Holdings)* which acquired a 28.77 per cent holding in Southend Stadium last December.

★

GOOD PUBLICITY (UK) has appointed Mr Barry Lynn as managing director.

★

BARKER & DOBSON GROUP has appointed Mr Roderick V. J. Bishop to the board. He is currently managing director and chief executive of Adams Foods. He will be acting in a non-executive capacity until April April when he joins full-time as managing director of the confectionery division with responsibility for Barker & Dobson, James Keiller and Son and Angus Confections.

★

On March 1 Mr Roy S. D. Veal is joining the board of GARFIELD LEWIS. Mr Veal, recently returned from five years in the US where he was president of Uddeholm Corporation, will be managing director of the stainless steel division.

★

The following have been appointed to the board of AQUASCUTUM GROUP: Mrs Marianne Abrahams, fashion director, and Mr Michael Walter, marketing director. They are both senior executives of the main subsidiary companies.

★

LONDON & CONTINENTAL BANKERS has appointed Mr Keith Farndell as an associate director. Mr Nicholas K. Barton becomes senior manager; and Mr Francis Tomlinson, manager.

★

Mr Colin Diment has been appointed a director of GREENALL WHITLEY, Warrington, following the retirement of Mr Bob Combe. Mr Dimeot joined Greenall Whitley in 1959 and is managing director of James Shipstone and Sons.

★

At McCORMACK AND DODGE (a Dun and Bradstreet company) Mr Phil Edwards has been appointed director, UK operations from UK marketing director. Mr Paul Methven is promoted to European vice president, responsible for the direction of the European and Middle East operations; and Mr Ken Trueman assumes regional responsibilities for the UK, Ireland, Spain, Italy and the Middle East.

★

Mr Peter Hickson has joined UNITED SCIENTIFIC HOLDINGS and will become financial director on the main board following the annual general meeting in March. He was financial director of Gooding Group.

★

Mr Peter Norton has been appointed managing director of MARCHAM, part of the MTM group. He has also joined the board of MTM. Mr Norton was managing director of Synthetic Chemicals, a Shell subsidiary.

★

From May 1 Mr Peter McKenna, managing director of Johnson & Johnson since 1969, becomes vice president of JOHNSON & JOHNSON INTERNATIONAL with responsibility for business development in Europe. Mr Kneale Ashwell, vice president responsible for Japan, becomes managing director of Johnson & Johnson. Mr C. D. Burr (patient care) and Mr C. C. Horridge (finance) have joined the board of Johnson & Johnson.

★

Following recent acquisitions, LOW & BONAR has formed three subsidiary companies in its UK packaging division. M. W. H. Jones has been appointed chairman of Bonar Cooke Cartons (formerly a division of Bemrose UK), with Mr T. M. Agnew as deputy chairman and Mr D. E. Box managing director. M. R. Eccles, Mr P. A. Naylor and Mr P. Robson have been appointed directors. At Bonar Flexible Packaging (formerly a division of Bemrose UK) Mr Jones will become chairman, Mr D. N. Wright deputy chairman and Mr B. K. Denton managing director. Mr D. Banks, Mr M. Barlow and Mr M. H. Hodge become directors. Appointments at Bonar Presentation Products (formerly Don & Low (Packaging)) include Mr Jones as chairman and Mr R. R. Stapleton to managing director. Mr R. Cooke has been appointed a director and Mr G. Hill company secretary.

★

Mr Colin Trusler, currently chief manager, communications at Lloyds Bank, is to join the board of SHANDWICK CONSULTANTS. He will succeed Mr David Reed, who is relinquishing his executive responsibilities with Shandwick to become a director of The Consortium. Mr Reed wil continue as a non-executive director of Shandwick Consultants.

★

Mr David Hockman has been appointed chief executive of POLYGRAM MUSIC PUBLISHING; he is also joint managing director of PolyGram Music Video, which he wil retain.

★

Mr Jay Tanna has been appointed chief executive and managing director of SORCO ENGINEERING wholly-owned subsidiary of Sorco Engineering A/S, Stavanger.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	123.5	132.1	-1.1	0.90
Income & Growth	52.0	56.2	+0.9	1.00
Special Situations	72.4	77.5	-0.1	4.40
American Growth	31.6	33.9	-0.8	0.70
Japan Growth	41.4	44.3	+0.1	0.00
European Growth	52.1	56.4	-0.6	2.30
UK Growth	49.1	53.2	+0.3	0.80
Pacific Growth	35.4	37.9	-0.1	0.10
High Income	29.F	33.8	+0.2	8.40
Practical Income Units	47.5	50.5	+0.1	2.30
Practical Accum. Units	85.3	90.8	+0.1	2.30

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 1EB 01-405 8441

Pearl Growth Fd.	81.0	86.2	+0.4	2.64
Accum Units	119.8	127.4	+0.6	2.64
Pearl Inc.	100.5	115.4	+0.8	4.32
Pearl Unit Tst.	114.8	122.1	+0.2	3.42
(Accum. Units)	196.5	209.0	+0.3	3.42
Pearl Intl Equity	109.7	116.7	-0.5	1.21
(Accum Units)	109.7	116.7	-0.5	1.71

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	237.8	255.2	-3.0	1.30
Income	174.0	186.3	+0.6	5.14
Worldwide Recovery	136.6	145.6	-1.2	1.94
American Growth	64.9	69.7	-1.5	1.02
Intl. Emerging Cos.	71.1	76.5	-1.1	0.67
Far East Growth Fd.	58.0	62.3		1.10
European Growth Fd.	51.1	54.9	-0.6	2.0

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	51.3	56.7	-0.5	0.82
Prolific Far East	125.4	134.8	-0.3	0.31
Prolific Extra Inc.	75.8	80.4	+0.3	5.01
Prolific C'vert & Gilt	86.9	92.2	-0.1	5.85
Prolific High Inc.	161.1	170.8	+0.9	4.31
Prolific Intl.	97.0	104.3	-0.5	1.49
Prolific N. Amer.	132.0	141.9	-1.9	2.24
Prolific Spec. Sits	180.2	191.1	+1.0	1.10
Prolific Technology	111.0	119.4	-1.4	0.74

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	59.6	61.5	-0.4	0.00
Japan Acc.	59.0	63.7	-0.4	0.00
Worldwide Inc.	61.9	65.9	-0.3	1.47
Worldwide Acc.	62.5	66.5	-0.4	1.47

Stewart Ivory Unit Trust Mgrs Ltd (a)
43 Charlotte Sq, Edinburgh 031 226 3271

American Fund	205.7	219.1	-5.0	2.19
(Accum. Units)	231.0	246.0	-5.7	2.19
(Withdrawal Units)	148.9	158.6	-3.6	2.19
Australian Fund	109.9	117.0	-2.7	0.99
(Accum. Units)	111.1	118.3	-2.7	0.99
British Fund	527.3	561.6	+3.3	4.27
(Accum. Units)	701.8	747.5	+4.5	4.77
European Fund	239.8	255.4	+1.5	0.94
(Accum. Units)	252.5	268.9	+1.5	0.94
Japan Fund	235.4	250.7	-2.7	0.40
(Accum. Units)	236.1	251.5	-2.7	0.40
Sands PPF	146.6	134.4	....	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	363.1	386.9	+2.9	2.33
North America	53.3	56.7	-1.2	1.77
Far East	59.4	63.1	-1.0	1.14

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	27.9	29.7	-0.3	1.7
American Income Acc.	27.7	29.5	-0.2	4.2
American Income Inc.	27.5	29.1	-0.3	4.3
European Growth Acc.	43.4	46.2	+0.1	1.9
Far East Growth Acc.	30.9	32.9	-0.3	0.8
Int. Growth Acc.	29.2	31.1	-0.2	0.8
Japan Growth Acc.	39.1	41.6	-0.2	0.3
UK Growth Acc.	33.3	35.4		2.1
UK Income Acc.	29.1	31.0	+0.2	4.0
UK Income Inc.	28.5	30.3	+0.2	4.1
Managed Growth Acc.	34.6	36.8	+0.2	2.0
Managed High Yield Inc.	41.1	43.7	+0.3	6.9
Managed Income Inc.	30.5	32.4	+0.1	3.9

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	241.9	255.9	..	3.84
Equity Acc.*	291.0	307.9		3.84
Fixed Int. Dist.†	117.3	121.5		11.13
Fixed Int. Acc.†	172.1	178.3		11.13

*Prices on Feb 12. Next dealing Mar 12
†Prices on Feb 24. Next dealing March 5

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	108.0	114.9	-2.1	0.96
Do. Accum.	112.4	119.6	-2.3	0.96
TSB Extra Income	[illegible]	105.5	+0.6	5.30

[illegible]

INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN 01-680 5225

General Portfolio Life Ins. Plc
Crossbrook St, Cheshunt, Herts 0992 31971

Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU Burgh Heath 53456

Manufacturers Life Insce Co (UK)—Contd

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property Growth Assur Co Ltd—Contd

Providence Capital Life Assc. Co Ltd
30 Uxbridge Rd, London W12 8PG 01-749 9111

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World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $15.63 | +0.17 | —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. ... $15.82 | +0.22 | —
Inv. Adv: M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $14.00 | +0.07 | —
Dynamic Gwth Fd. ... $12.96 | +0.12 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $10.92 11.58 | — | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	12.25			3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST — 01-236 0952				
Call Fnd	12.47	4.30	13.04	Mth
7-day Fnd	12.35	8.25	13.54	Mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. — 01-236 1425				
Call Fnd	12.43	9.29	13.59	6-Mth
7-day Fund	12.44	9.30	13.60	6-Mth
Dollar	6.69	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF — 031-225 8484				
Full Service Cur Acc	11.50	8.50	12.58	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. — 01-638 6070				
Treasury Acc	12.00	8.97	13.26	Qtr
Mth. Inc. Chq.	12.00	8.97	13.34	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HISCA	12.60	4.42	14.05	wk
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc	11.70	8.74	13.00	Mth
Barclays Prime Account — PO Box 125, Northampton — 0604 252891				
High Int. Cheque	12.00	0.675	13.11	Qtr
Britannia Investment Services Ltd. — 74-78 Finsbury Pavement, EC2A 1JD. — 01-588 2777				
Cater Allen	12.00	8.97	13.3544	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. — 01-248 3999				
Sterling	12.25	9.16	13.64	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Mark	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove — 01-741 4941				
Money Market Plus		9.34	13.93	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. — 0803 862271				
Money Mkt Acc	12.00	8.97	13.24	Qtr
Edward Manson & Co Ltd — 9 Henrietta Place W1M 9AG — 01-631 3313				
Cheque Deposit Acc	12.50	9.34	13.93	Mth
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH — 01-628 8060				
Money Mkt. Cheque Acc	12.13	9.08	13.53	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG — 01-388 3211				
High Int Dep Acc	12.04	9.00	13.14	6-mth
Lloyds Bank PLC — 71 Lombard St, London, EC3P 3BS. — 01-626 1500				
HighIntCheque Account	11.75	4.00	13.30	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3DH. — 01-409 3434				
14-Day Notice	12.500	9.344	13.349	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. — 0245 51651				
H.I.C.A.	12.00	8.97	13.37	Daily
Midland Bank plc — PO Box 2, Sheffield. — 0742 20999 Ext 8655				
High Int Chq Acc	11.71	8.75	12.92	Qtr
£10,000 +	12.04	9.00	13.50	Qtr
Oppenheimer Money Mgmnt Ltd — 66, Cannon St, EC4N 6AE. — 01-236 1425				
Money Mngt. Acct.	11.875	8.88	13.11	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP — 01-628 9771				
High Int Chq Acc	12.375	9.25	13.60	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011				
High Int Chq Acc.	12.50	9.34	13.93	Mth
Royal Bank of Scotland plc — 24 Lombard St, London EC3V 9BA — 031-557 0201				
Premium Account	12.15	9.08	13.42	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. — 0708 66966				
H.I.B.A.	11.63	8.70	12.98	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol. — 0272 732241				
Demand Acc	12.38	9.25	13.69	Qtr
Money Acc	12.04	9.00	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc	11.75	8.78	13.09	Mth
Over £10,000	12.00	8.97	13.36	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL 1SE — 0752 24141				
High Int Chq Acc	12.69	4.40	13.98	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CPT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp.	27	Midland Bk	35
BSR	6	NEI	10
BTR	33	Nat West Bk.	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	30	Racal Elect	13
Boots	24	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	9½
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	28	Brit. Oil & Min.	3½
Hanson Tst.	18	Brit Petroleum	45
Hawker Sidd.	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

No bonanza for Spanish farmers

SINCE Spain joined the EEC In January, the action has taken place on both sides of the border. In railway sidings near Perpignan, farmers set fire to a shipment of Spanish iceberg lettuces. In the Spanish Basque country, Spanish farmers stopped o French milk truck and emptied its contents on the roadside.

These two images — one familiar, the other new—overshadow Spain's entry into agricultural Europe, which effectively takes place on March 1. Spain, a leading world producer of citrus fruit, wine and olive oil, with an area of farmlend equivalent to a third of the previous Community's and o farm sector abont twice as big as Greece's and Portugal's put togethar, will be taking its first steps into the common agricultural system.

This is a long and complex business. Spoin must start by changing definitions for products such as milk or wine, just to make prices comparable. Total freedom of trade will not come for 10 years.

The fears of southern French farmers about Spanish fruit and vegetables—which make up half of Spain's farm exports—dominated the entry negotiations. They bove been soothed hy the particularly tough terms accorded to the Spaniards in this sector—effectively delaying entry for four years—and hy the prospect of reciprocal sales on the Spanish market. Products such as French or Italian pears have a potential outlet in Spain, capitalising on quality and marketing strength.

However, French farmers are still alarmed at the way Spanish competitors can create sudden upsets in specific products — such as tha strawberry hoom under way in tho south-western Spanish province of Huelva.

In other sectors, the worries are mainly on the Spanish side, particularly along the northern Atlantic coast where two thirds of the country's dairy farms — which stand to be badly hit by imports from northern Europe — are concentrated. Livestock farmers are also concerned obout the bigher cost of the feed grain which they must now buy from the EEC rather than from the US — and tha resultant loss of competitiveness. The strong pigmeat sector cannot take advantage of entry because of Spain's African swinefever problem. Promise of support and aid after membership are liable to be hit by EEC budgetary constraints.

Farm organisations were the only group in Spain to protest against entry terms, complaining they had been sold out and badly informed, that the strongest sectors ware being offered no fresh openings and that the most vulnerohle sectors were being put at risk.

Once seen as a big opportunity for Spanish farm sales, entry holds no immediate bonanza. The most dynamie sectors such as citrus fruit effectively joined the EEC after Spain's 1970 trade pact. About 85 per cent of Spanish fresh fruit exports, and 90 per cent of fresb vegetable exports, already go to the Community.

While sales continue to increase, Spain faces competition in these products from favoured third countries such as Morocco. If Moroccan oranges were to be transported through Spain — whicb Madrid rejects — tha scenes of overturned lorries at the French-Spanish border could well ba repeated in Spain.

EEC membership will force modernisation in many areas, but it will be a painful task. More than 15 per cent of Spanish jobs are still in agriculture — twice the French level.

Productivity is in most cases (with exceptions such as rice and hard wbeat)—well below the EEC average. A quarter of Spain's dairy farms have only one or two cows. More than 80 per cent have fewer than nine.

In France, Spain's main market and a big competitor, there has been o tendency to overstate Spain's agricultural potential. Madrid officials reject the idea of unlimited capacity for expansion, owing to the country's tough, mostly mountainous, conditions. Irrigated areas, inclnding the expanses of hot-house plastic along tha southern coastal belt, leave little room for increased output.

However, there is room for new irrigated areas, especially In Andalncia, and for new specialities. Recent examples are the kiwi fruit and the ovocado, a product in which Spain aims to replace Israel as main EEC supplier (hut in which it faces quality problems).

Wine, in which Spain has its own surplus to add to tha EEC's, threatens to be a headache in tho medium-term. Spain's vineyard is the EEC's largest, but yields per hectare are relatively low. In spite of strict controls in the last few years (a ban on irrigated vines, and the uprooting of some plantations), tbe sharply higher level of EEC support prices will provide an incentive to raise production.

A similar situation exists in olive oil. While raising yields is less easy in this case, higher EEC prices will make restructuring more difficult.

Vegetable oils ere subject to a special transition arrangement, because of the problom of financing olive oil, just as fruit and vegetables are, because of tho risk to other Mediterranean producers.

In other sectors, tho transition arrangements are similar to those applied to previous enlargements of the EEC. Prices will be brought into line over seven yeers. In cases like sugsr where Spanish prices are higher, prices are being frozen for the time being. Spanish borriers are eased except for sensitive "continental" products such as beef and dairy imports of which are to be liheralised only grodually in order to cushion the impact on Spanish producers. Spain can keep some quantitative restrictions on imports from third coontries.

The process of opproximoting fruit and vegetable prices begins only after the first four years and lasts np to 1995. Vegetabla oils also have o 10-year transition, with e standstill for the first five years, during which Spain will not open its market.

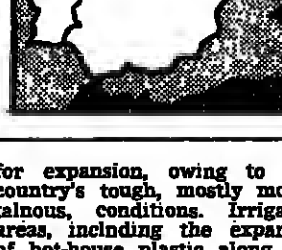
The Spanish authorities have made some headwey before entry on reducing farm imbolances and adapting production to demand, encouraging barley and maize to meet tha shortfall in feed grain at the expense of wheat, and discouraging surplus production in sectors like wine throngh price regulation.

Much of the effort of adaptation — in developing producer organisations, for instance — would have been necessary with or without membership, given Spain's alresdy high degree of reliance on tho European market.

While short-term worries now loom large, Spanish export agriculture — wino included — appears nonetheless to be well set in the Community, ond new export sectors (such as oilseeds, cotton and tobacco) are bound to develop.

Spain and Portugal effectively join the EEC's Common Agricultural policy on March 1. In the first of a series David White examines the problems and opportunities for Madrid

THE CAP ENLARGES



Strike hits Peru's biggest mining company

CENTROMIN, PERU'S biggest state-owned mining company, has been paralysed by a strike of miners and refinery workers, reports Reuters from Lima.

On Monday more than 13,000 production workers went on strike at the company, which is the country's leading producer of silver, zinc and lead. And the company feared they might be joined yesterday by 3,000 office workers.

The mining and refinory workers are seeking a pay rise of 50 Intis (£2.50) a day, but the company has offered only 26 Intis.

Centromin produced 8.89m ounces of silver out of a national total of 41.29m ounces during the first nine months of last yeor. In tha same period it produced 172,200 tonnes of zinc, out of a national total of 435,600 tonnes, and 54,200 tonnes of lead, out of a total of 151,600 tonnes.

● ANGLO AMERICAN Corporation of South Africa has heen hit by a strike of 12,000 gold miners in protest at the detaining of eight of their colleagues in connection with the murder last week of four team leaders at the Vaal Reefs gold mine, about 60 miles away.

The National Union of Mineworkers described the situation os "extremely tonse" and claimed the rest of Vaal Reef's 40,000 workers were poised to join the strike.

● TANZANIA'S Sisal Authority is selling sisal estates in the Tanga and Morogoro regions, according to a tender notice published yesterday.

Former president Mr Julius Nyerere admitted last year that it had been o mistake to nationalise the sisal estates in 1967.

Up to 1970 Tanzania was the world's leading sisal producer with peak production, in 1964, of 229,852 tonnes. By 1984 its output was down to 47,000 tonnes.

● GELDERMANN, the commodity and futures trading subsidiory of Conagra of the US, announced yesterday that it had completed the ocquisition of Heinold Commodities, ono of America's largest brokerage companies, for an undisclosed sum. Harold Heinold, the company's chairman, resigned.

Cold spell lifts oil market

BY DOMINIC LAWSON

CRUDE OIL prices, especially for prompt delivery cargoes, rose sharply yesterday as the cold spell in Europe intensified, and refiners hurried to meet the increase in demand.

A cargo of North eSa Brent for delivery within the next two weeks fetched a price of $18 a barrel, more than $1 up from Monday's price. Similar gains were quoted for deliveries in later months, but trading conditions on the Brent market remained very thin, in the wake of the collapse of the Brent forward market 10 days ago.

One trader commented that the major oil companies still appeared very wary of doing business with tha smaller trading companies.

● The Norwegian Primo Minister, Mr Kaare Willoch, yesterday attacked calls in the US for a petroleum import duty, which is now being considered by the US Congress as a means of insulating US oil producers from the fall in world oil prices while reducing the federal deficit. Norway is a major exporter of crude oil to the US.

Mr Willoch called on the US to avoid "short term measures which could interfere with free trade and undermine energy conservation and supplies

Meanwhile, Algeria, Gabon, Libya and Algeria, the four African members of Opec yesterday formed a new group — the African Hydrocarbon Association. Algeria and Libya have recently been strident in their attacks on Saudi Arabia, which they claim has deliberately forced down oil prices.

Indonesian nickel plant to close for six weeks

BY KIERAN COOKE IN JAKARTA

INDONESIA'S singlo largest foreign Investment venture, the $1bn Inco (Canada) nickel mine and processing plant at Soroako on the island of Sulawesi has announced a shutdown later this year in an effort to cut losses. Local president and managing director, Mr Jim Guiry, said that all employees except those needed for essential care and maintenance would be laid off for six weeks starting at the beginning of June. Mr Gulry said that the shutdown was aimed ot controlling inventory levels consistent with sales. The Inco plant has been in loss since it came on stream nearly 10 years ago. In 1982 it lost more than $60m. In 1983 losses were $39.2m and in 1984 $37.4m. Estimates for losses last year are similar to the 1984 figure.

The Soroako plant has obout 5 per cent of non-communist world nickel melting capacity. Last year about 55m lb of nickel matte was produced ot the plant, almost all of it exported to Japan. But depressed world prices and heavy debt burdens have caused serious problems ot Soroako. Over the past four years the workforce at tho plant has been gradually cut back from 4,500 ot one stage to undor 3,000.

Malaysian tin price picks up

By Wong Sulong in Kuala Lumpur

PHYSICAL TIN on tho Kuala Lumpur tin market yesterday firmod another 65 cents to M$21.10 a kilo, after a 19 cent rise on Monday. Turnovar rose sharply to 215 tonnes compared with 67 tonnes on Monday.

Traders said there was steady demand by both local and Japanese buyers, with somo scattered European interest.

Tin prices have remained surprisingly steady since the KLTM re-opened trading on February 3, in splte of the large stocks hold by Malaysian producers. Earlier, thare were fears that tin would be selling st around M$16 to M$17 a kilo.

There is a growing feeling in the Malaysian tin Industry that the worst of the tin crisis is now over, and this is reflected in the miners' confident approach in their tin disposals. So far tha nnderstanding among miners to refrain from selling below M$18.50 has held up well —aided, no doubt, by steady Japanese buying.

The outcome of negotiations in London on o settlement between the International Tin Council and its creditor banks and hrokers, has bad o strong influence on KLTM prices.

Prices fell sharply by nearly M$3 on February 19 on news of disagreement over the tin buffer stock disposal plan, but prices recovered on news that the various parties have now agreed to e draft on the financing and disposal of the stock.

Guyana plans gold boost

BY CANUTE JAMES IN KINGSTON

GUYANA is expanding its gold mining with tho assistance of companies from North and South America.

The investments follow several months of exploration in the Omai region of Essequibo Province in western Guyana. Officials of the Geology and Mines Commission said there are indications that Guyana's gold output could reach 200,000 ounces per year by 1988. Average annual output has been 10,000 ounces.

Golden Star Resources of Canada has started a $5m mining operation at Omai.

Mr Grantley Walrond, of the Geology and Mines Commission, said recently that the Golden Star resources project was aiming at production of 20,000 ounces per year. It would be developed over the next 16 months.

The Guyana Government has repeatedly said it was producing much more gold than was being accounted for by the state run Gold Board.

Mr Forbes Burnham, o former President of Guyana, claimed o year ago that smuggling of gold out of the country was costing the hard-pressed economy about $350m a year.

EEC ministers divided on dairy buy-out scheme

BY IVO DAWNAY IN BRUSSELS

A PLAN to cut EEC milk production by 3 per cent through an incentive scheme for farmers to abandon production received a mixed reception from Community farm ministers yesterday.

The seven-year programme, costed at Ecu 1.26bn (£756m) and first presented by the European Commission in November, is broadly acceptable to all the member states, with the possible exception of Ireland.

But when the ministers were asked whether they would accept an element of compulsion in the reduction of their national quotas if volunteers did not take up a sufficient amount of grant aid to halt production, several member states expressed reservations.

In particular the Mediterranean countries — Italy, Spain, Greece and Portugal—warned that such an element of obligation would be viewed unfavourably. The Spanish emphasised that quotas imposed since their accession to the Community in January were burden enough.

The Italians, backed by the Greeks, argued that as deficit producers they should not be penalised for overproduction in the temperate north of the Community — an argument that reflects Rome's strategy in the forthcoming debate on farm prices for 1986-87. Ireland, as a major milk producer, is simply resisting any further restraints.

Britain, on the other hand, is a firm supporter of compulsory reductions in national quotas if voluntary take-up of the outgoers incentive scheme fails to meet the 3 per cent target.

But when Mr Michael Jopling, the British Minister temporarily chairing the discussion, asked his colleagues to present alternative proposals for reducing surplus output, few constructive ideas were forthcoming.

The European Commission is anxious to have a programme in place by the beginning of the new marketing year in April, but that seems unlikely. The question of incentives to halt milk production will inevitably be linked by member states to the outcome of the general price fixing debate.

Under the Commission's plan, farmers agreeing an undertaking to withdraw from dairy production would be paid Ecu 42 for every 100 kg of output surrendered. However, this sum would be paid in seven tranches over the seven years following withdrawal from the market.

LONDON MARKETS

CURRENCY factors were the dominant influence in London's commodity markets yesterday. The Robusta coffee futures market went into reverse once again, losing £47.50 on the day in the May contract to close at £2,[illegible]7.50 per tonne. The fall mostly occurred in late trading and followed continuing gains in the morning. Dealers said it reflected a weak market in New York and sterling's continued strength against the dollar. Most still believe that the market is poised to resume its upward trend soon. Cocoa futures were also lower, with the May position closing down £24 per tonne at £1,577.50. This was above the lows of the day, which took the market at one point to its lowest level in 27 months. Dealers cited sterling's strength, together with bearish fundamentals and charts and continuing uncertainty over the cocoa pact talks in Geneva. On the London Metal Exchange, aluminium led a general fall precipitated by currency movements.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	759-60	—24.5	—
3 months	787.5	—23	791.5/784

Official closing (am): Cash 759.5-60.5 (779-80), three months 788-.5 (806-.5), settlement 760.5 (780). Final Kerb close: 788-8.5.
Turnover: 12,575 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	961.5	—8	960.5
3 months	986-.5	—9.5	989/983

Official closing (am): Cash 960.5-1 (968.5-4.5), three months 986.5-7 (991-.5), settlement 961 (964.5). Final Kerb close: 985-5.5.

Cathodes			
Cash	949-51	—7	—
3 months	979-80	—6	—

Official closing (am): Cash 949-50 (952-3), three months 979-80 (981-3), settlement 950 (953).
Turnover: 20,175 tonnes. US Producer prices 67.50-70.50 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	252-.25	—2.63	252.5
3 months	261.5-.75	—.3	263/261.5

Official closing (am): Cash 252-3 (256-.25), three months 262-.5 (264.75-5), settlement 253 (255.25). Final Kerb close: 261-1.5.
Turnover: 4,850 tonnes. US Spot 17.75-20 cents per pound.

TIN

Kuala Lumpur Tin Market—Close 21.10 ringgit per kg, up 65 ringgit.

NICKEL

	Unofficial close(p.m.) £ per month	+ or —	High/low
Cash	2810-5	—55	2815/2810
3 months	2875-80	—50	2890/2865

Official closing (am): Cash 2810-20 (2850-5), three months 2872-5 (2905-10), settlement 2820 (2855). Final Kerb close: 2850-60.
Turnover: 1,218 tonnes.

ZINC

High grade	Unofficial close(p.m.) £ per month	+ or —	High/low
Cash	411-2	—13.5	419.5
3 months	429-3	—12.75	435/426

Official closing (am): Cash 411.5-2 (427-.5), three months 423.5-4 (435-.5), settlement 412 (427.5). Final Kerb close: 422-3.
Turnover: 7,100 tonnes. US Prime Western: 30.50-35.75 cents per pound.

GOLD

Gold rose $9 an ounce from Monday's close in the London bullion market yesterday to finish at $350-350½. The metal opened at $349¼-349¾ and after touching a low of $346¾-347¼, it rose to a best level of $355-355½. Once again a strong platinum price helped underpin gold while rumours of industrial action in South African mines also boosted sentiment.

GOLD BULLION (fine ounce)	Feb. 25	
Close	$350-350½	(£234½-235)
Opening	$349¼-349¾	(£230-235½)
M'ni'g fix	$351.40	(£236.397)
Aft'n'n fix	$352.40	(£235.977)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$351-351½	(£235-235½)
½ Krug	$185-185½	(£124½-125)
¼ Krug	$95-95½	(£63¾-64)
1/10 Krug	$38¼-39¼	(£26-26¼)
Mapleleaf	$361-361½	(£241¾-242¼)
Angel	$360-369	(£241¼-246½)
1/10 Angel	$35½-40½	(£23¾-27¼)
New Sov.	$84½-86	(£56½-57)
½ New Sov	$50½-51	(£33¾-34¼)
Old Sov.	$90½-92	(£60½-61½)
$20 Eagle	$440-490	(£291¾-328¼)
NoblePlat	$433-438	(£290-295¼)

SILVER

Silver was fixed 1.1p an ounce higher for spot delivery in the London bullion market yesterday at 405.35p. US cent equivalents of the fixing levels were spot 604.5c, up 13.6c; three-month 615.8c, up 13.85c; six-month 627.9c, up 14.1c; and 12-month 650.95c, up 12.95c. The metal opened at 402½-404½p (598-600c) and closed at 400½-402½p (598-600c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	405.35p	+1.10	400p	—1.5
3 months	416.95p	+1.00	411.5p	—2
6 months	428.55p	+0.90	—	—
12 months	450.85p	—0.85	—	—

LME—Turnover: 40 (13) lots of 10,000 oz.
Cash high/low 403.5p; three months high 417, low 415p, final kerb 410.5-1.5p.

RUBBER

PHYSICALS—The London market opened slightly easier, attracted few buyers throughout the day and closed quiet and uncertain, reports Lewis and Peat. Closing prices (buyers): spot 62.00p (63.00p); April 62.00p (63.25p); May 62.50p (63.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 200.5 (same) and for SMR 20 202.0 (203.0).

MEAT

After opening on a weaker note beef prices rallied. Pigmeat prices remained steady in thin volume with good underlying support evident, reports

INDICES

FINANCIAL TIMES

Feb. 25	Feb. 24	M'th ago	Year ago
—*	—*	—*	296.74

(Base: July 1 1952=100)

REUTERS

Feb. 25	Feb. 24	M'th ago	Year ago
1809.4	1809.6	1850.1	0029.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Feb. 24	Feb. 21	Month ago	Year ago
Spot	129.55	107.14	—	117.38
Fut.	134.19	132.74	—	118.50

(Base: December 31 1931=100)
* Not available due to suspension of tie LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 25 1986	+ or —	Month ago
METALS			
Aluminium			—
Free Market	$1210/230	—8	$1180/200
Copper			
Cash h Grade	£961.5	—8	£1025.5
3 mths	£986.25	—9.5	£1055.75
Gold Troy oz	$350.25	+0	$350
Lead Cash	£259.11	—2.65	£253
3 mths	£261.62	—3	£274.87
Nickel			
Free Mkt	188/209c	......	178/188c
Palladium oz	$119.75	+7.5	$105.85
Platinum oz	$423.50	+15	$373.00
Quicksilver†	$250/260	+15	$218/230
Silver troy oz	405.35p	+1.10	434.60p
3 months	416.95p	+1.00	447.60p
Tin cash	‡	......	‡
3 months	‡	......	‡
Tungsten	$65.59	......	$63.71
Wolfram 22.01lb	$56/65	......	$55/61
Zinc	£412	+15.5	£454.5
3 months	£422.5	+12.75	£469.5
producers	$850/870	......	$980/760
OILS			
Coconut (Phil)	‡	......	$335
Palm Malayan	$270x	—5	$350
SEEDS			
Copra Phil	$210	+10	$230
Soyabean (U.S.)	$221.9y	—0.0	$237
GRAINS			
Barley Fut. May	£116.45	—0.05	£118.80
Maize	£143.00y	—0.5	£141.00
Wheat Fut. May	£118.05	—0.25	£120.80
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. May	£1577.5	—24	£1737.5
Coffee Ft. May	£2507.5	—47.5	£2471.5
Cotton A Index	54.85c	......	54.00c
Gas Oil Apr.	$163	+9	$187
Rubber (kilo)	65p	—1	59p
Sugar (raw)	$146.5w	......	$137.5
Wooltops 64s	428p kilo	......	428p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. y March. w Feb-March. z March-April. x April.

Eastern Capital CCST.
Pigmeat sales: 2 (2) lots of 50 carcases, 3,250 kg.
Beef sales: 6 (2) lots of 20 sides.

PIGMEAT Month	Y'day close	+ or —	BEEF Y'day close	+ or —
	p. per kilo (deadweight)			
Mar.	103.80	+1.80	—	—
April	104.00	+0.50	188.50	+0.50
May	—	—	187.50	+0.70
June	106.20	—0.10	188.50	+0.20
July	102.50	+0.30	187.00	+0.50
Aug.	100.60	+0.20	183.00	+1.00

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.54p per kg lw (+0.27). GB—Sheep 201.25p per kg est dcw (+15.51). GB—Pigs 75.07p per kg lw (—0.09).

COCOA

Futures traded lower, registering contract lows, pressured by currency and technical selling. Some manufacturer buying was noted although origins were withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1571-1578	—23.0	1590-1570
May	1577-1578	—24.0	1598-1574
July	1606-1607	—26.0	1628-1604
Sept.	1634-1636	—26.0	1657-1631
Dec.	1664-1666	—31.5	1190-1661
March	1690-1691	—32.0	1720-1690
May	1705-1710	—33.5	—

Sales: 4,995 (2,071) lots of 10 tonnes.
ICCO indicator prices (US cents per pound). Daily price for February 25: 102.44 (101.87): five-day average for February 26: 101.82 (101.78).

COFFEE

Good physical demand kept levels steady during the morning despite a very weak dollar. Strong trade buying lifted levels £95. The physical offtake disappeared in the afternoon and commission houses who bought along with trade houses in the morning tried to take profits. With very little buying underneath prices collapsed, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
March	2550-70	—34.5	2605-2542
May	2506-09	—47.5	2745-2500
July	2575-80	—30.0	2785-2568
Sept.	2740-55	—5.0	2840-2725
Nov.	2790-800	+5.0	2875-2815
Jan	2800-35	+42.5	2800-2860
Mar.	2840-950	+35.0	2870

Sales: 9,400 (7,715) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for February 24: Comp daily 1979 211.00 (200.65); 15-day average 191.33 (189.23).

FREIGHT FUTURES

General selling emerged on the dry cargo opening, but short-covering interest developed to lift values off the lows. Thereafter the market remained unchanged in quiet conditions. A firmer background in crude and oil products resulted in the tanker futures steadying throughout the day in quiet conditions, despite the relevant routes showing little change, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	831/832	835/830	835/836
July	736/738	735/736	733/735
Oct.	845/848	846	845/847
Jan.	860/900	—	860/895
April	935/960	940	955/945
July	810/840	—	820/840
Oct.	905/922	—	905/925
Jan.	880/960	—	880/940
BFI	739.0	—	742

Turnover: 119 (171).

	Close	High/Low	Prev.
Tankers			
Mar.	807/827	805/780	759/780
April	769/775	776/775	756/762
May	750/780	—	750/770
June	760/770	—	750/780
Sept.	900/960	—	880/960
Dec.	900/950	940	950/1008
BTI	792.6	—	799

Turnover: 65 (45).

SOYABEAN MEAL

Prices opened £1.50 down and dropped a further 50p on commercial selling. Consumer buying along with option short-covering were the only supportive features in an otherwise weak market, reports Muirpace.

	Yesterday close £ per tonne	+ or —	Business Done
Apr.	128.8-129.8	—1.40	129.8
June	125.8-127.8	—1.35	126.8-128.5
August	124.8-125.8	—1.25	125.9-124.4
October	126.1-128.4	—0.85	126.8
Dec.	128.8-128.8	—1.85	128.0
Feb.	129.0-131.0	—0.50	—
Apr.	129.5-131.5	—0.35	—

Sales: 362 (34) lots of 20 tonnes.

JUTE

JUTE—Feb/March c and f Dundee: BTC $420, BWC $420, BTD $360, BWD $360; c and f Antwerp: BTC $410, BWC $410, BTD $360, BWD $360.

GRAINS

In easier trading conditions old crop wheat was dominated by March/May switching and closed near the day's lows on merchant long liquidation. Old crop barley barely traded but closed just steady. New crops continued in the recent trend with shipper buying particularly noted on barley, reports T. G. Roddick.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar.	114.65	—0.10	113.00	—0.15
May	118.05	—0.25	116.45	—0.05
July	110.90	—0.25	—	—
Sept.	92.00	+0.20	97.25	+0.25
Nov.	102.25	+0.15	100.95	+0.35
Jan	105.85	+0.10	104.60	+0.35

Business done—Wheat: Mar 114.65-4.45, May 118.15-8.00, July 119.40-9.15, Sept 98.65-8.65, Nov 102.25-2.10, Jan 105.85 only. Sales: 595 lots of 100 tonnes. Barley: Mar 113.00 only, May 16.45 only, Sept 97.25-7.20, Nov 100.95-0.75, Jan 104.45-4.40. Sales: 65 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April/May 117.60, June 117.25 transhipment east coast. US no 2 soft red winter Mar 119.00, June 93.50. EC Feb 136. English feed fob Feb 116.75 seller, Mar 117.60/118.00, April 119.00-118.50, April/June 120.75-121.50, June 120.25-122.75, Sept 101.00-101.50, Oct 103.00-103.75 buyers/sellers east const. Maize: US no 3 yellow/French transhipment east coast first-half Mar 143. Barley: English feed fob Feb 116.50 buyer, first-half Mar 117.25-117.75, Mar 17.50, April 118.50, May 120.50 sellers, July 98.00, Sept 99.50, Oct/Dec 103.50, Jan/Mar 100.00 buyers, Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 112.70, E. West 110.40, W. Midlands 111.20, N. West 111.30. The UK monetary coefficient for the week beginning Monday March 0 (based on HGCA calculations using five day's exchange rates) is expected to be unchanged.

SUGAR

LONDON DAILY PRICE—Raw sugar $146.50 (£98.50), unchanged (down £2.00) a tonne for February-March delivery. White sugar $175.50, down 50c.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	154.8-155.0	152.8-152.4	158.8-154.0
May	162.0-162.2	158.8-160.0	163.2-159.9
Aug	168.8-168.0	166.4-166.6	169.8-165.8
Oct.	171.4-172.0	168.8-179.6	175.0-168.8

Sales: 1,468 (860) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis sugar was £202.50 (£208.00) a tonne for export.
International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for February 24: Daily price 5.76 (5.63); 15-day average 5.51 (5.46).

US MARKETS

PRECIOUS METALS, after opening firm, came under selling pressure to close steady to lower on reports that President Marcos had ceded power in the Philippines, reports Heinold Commodities. Copper and aluminium weakened on profit-taking and the lack of fresh physical enquiry. Sugar firmed on good commercial interest reflecting a pick-up in cash activity. Cocoa came under modest pressure on light producer sales. Profit-taking put pressure on coffee values as early gains failed to be sustained. Cotton traded mixed with trade buying helping to support the nearbys.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Feb	54.70	—	—	60.30
March	54.80	55.50	54.50	50.65
April	50.25	—	—	55.80
May	55.65	60.30	55.40	56.45
July	50.25	57.00	56.20	57.10
Sept	56.85	57.50	57.35	57.70
Dec	57.75	—	—	56.60
Jan	58.00	—	—	50.90
March	50.65	59.40	59.40	59.50
May	59.25	—	—	60.19

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2068	2083	2078	[illegible]
May	2117	2140	2108	2130
July	2150	2170	2144	2162
Sept	2184	2204	2186	2188
Dec	2218	2239	2218	2232
March	2240	2257	2251	2256
May	2246	2285	2250	2282
July	2310	—	—	2256

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	250.00	259.00	249.68	254.14
May	251.38	251.00	251.00	256.01
July	254.09	260.20	254.00	254.20
Sept	256.14	263.79	256.00	257.79
Dec	256.50	264.70	258.00	258.70
March	257.00	266.00	260.00	260.00
May	259.75	—	—	261.00
July	263.39	—	—	263.39

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
Feb	64.85	—	—	66.20
March	64.90	65.75	64.90	65.35
April	65.25	—	—	65.65
May	65.60	66.40	65.50	65.95
July	65.95	66.75	65.95	66.30
Sept	66.20	66.95	66.10	68.55
Dec	66.65	67.50	66.60	67.05
Jan	66.80	—	—	67.20
March	67.10	67.85	67.55	67.55
May	67.45	68.50	68.30	67.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	62.85	62.95	62.06	62.28
May	63.67	63.75	63.06	63.23
July	64.04	64.20	63.55	63.67
Oct	44.40	44.95	44.36	44.75
Dec	44.45	45.05	44.31	44.80
March	45.67	45.90	45.45	45.80
May	46.63	47.50	47.35	46.70
July	46.75	—	—	46.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
April	14.35	15.70	14.00	15.11
May	14.60	15.90	14.18	15.23
June	14.75	15.15	14.40	15.35
July	15.10	15.25	14.80	15.48
August	15.30	16.25	14.80	15.64
Sept	15.50	15.55	15.50	15.79
Oct	15.80	16.60	15.80	15.94
Nov	16.00	15.81	15.00	16.09
Dec	16.20	17.10	16.20	16.24
Jan	15.45	17.10	17.00	15.39

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	347.7	355.4	348.0	346.7
March	348.8	353.0	353.0	349.8
April	350.0	357.5	349.0	351.6
June	353.9	362.0	353.0	354.9
August	357.5	364.5	357.5	358.8
Oct	361.8	368.0	361.5	362.8
Dec	366.1	375.0	365.0	367.1
Feb	370.5	375.5	371.0	371.5
April	374.5	380.5	380.0	375.5
June	378.8	—	—	379.8
August	383.4	—	—	384.4
Oct	388.2	395.6	392.0	389.2
Dec	393.1	399.4	397.0	394.1

ORANGE JUICE 15,000 lb. cents/lb

	Close	High	Low	Prev
March	83.60	84.90	83.60	83.90
May	83.80	84.90	83.80	84.00
July	84.25	85.25	84.25	84.35
Sept	83.75	85.00	83.75	84.05
Nov	74.70	85.25	84.65	84.75
Jan	85.80	86.70	86.50	86.18
March	87.10	88.30	87.30	87.35
May	87.30	—	—	87.55
July	87.30	88.50	88.00	87.55

SPOT PRICES — Chicago loose lard 15.00 (15.25) cents per pound. Handy and Harman silver bullion 598.0 (587.5) cents per troy ounce.

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	407.3	—	—	415.8
March	409.1	—	—	417.6
April	410.4	425.8	409.5	418.3
July	411.8	426.5	411.0	419.5
Oct	413.4	428.0	412.0	421.3
Jan	414.8	427.5	421.0	422.8
April	415.4	430.0	421.0	424.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Feb	589.0	—	—	597.8
March	589.5	608.0	588.0	598.5
April	593.5	596.2	590.2	606.9
May	597.5	615.0	595.0	606.3
July	605.5	626.0	602.5	614.3
Sept	613.8	633.0	614.0	622.4
Dec	626.0	645.0	626.6	634.9
Jan	630.3	—	—	639.1
March	638.5	660.5	644.0	647.4
May	647.1	—	—	655.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	5.90	5.98	5.74	5.82
May	5.20	5.33	3.98	5.11
July	5.40	5.56	5.29	5.36
Sept	5.60	5.62	5.45	5.49
Oct	6.73	6.76	6.53	6.62
Jan	6.90	6.82	6.82	6.89
March	7.29	7.29	7.10	7.15
May	7.47	7.30	7.30	7.35
July	7.66	—	—	7.53

CHICAGO

LIVE HOGS 30,000 lb. cents/lb

	Close	High	Low	Prev
April	39.97	40.15	39.25	39.28
June	44.86	44.30	43.67	43.05
July	44.52	44.70	43.00	43.67
August	43.12	43.15	42.10	42.27
Oct	38.45	39.45	39.18	39.05
Dec	40.79	40.95	40.60	40.55
Feb	40.90	40.95	40.45	40.25
April	38.00	38.38	37.20	37.45

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	237.0	239.0	236.2	239.4
May	234.2	236.0	234.0	236.2
July	231.8	232.8	231.4	232.8
Sept	213.6	214.2	213.4	214.0
Dec	208.2	210.0	209.0	208.4
March	217.6	218.8	217.4	217.4
May	220.6	221.2	220.4	220.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	67.90	68.70	67.20	67.42
May	58.37	60.40	56.45	58.85
July	60.66	60.70	59.15	69.45
August	58.75	59.30	58.30	50.40
Feb	61.10	61.50	61.00	60.97
March	60.90	60.90	—	60.00

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	521.4	525.0	521.2	524.6
May	525.2	525.2	525.0	527.9
July	530.6	534.6	530.4	532.4
August	529.2	532.4	529.0	532.2
Sept	513.4	516.4	513.6	517.0
Nov	508.2	512.4	508.0	511.8
Jan	516.2	521.4	518.2	522.0
March	528.0	532.4	528.6	532.9
May	536.9	539.0	536.0	538.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	154.2	154.5	153.5	153.4
May	155.1	155.5	154.8	154.4
July	156.1	156.5	155.6	155.7
August	155.9	156.7	155.5	156.9
Sept	152.3	153.5	152.2	152.8
Oct	148.4	149.0	148.0	148.0
Dec	149.6	150.2	149.2	149.7
Jan	150.2	151.0	150.0	150.5
March	151.2	—	—	151.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	17.56	17.90	17.56	17.83
May	17.96	18.28	17.96	18.32
July	18.30	18.63	18.30	18.48
August	18.42	18.75	18.42	18.62
Sept	18.42	18.75	18.42	18.84
Oct	18.45	18.75	18.45	18.84
Dec	18.78	19.10	18.78	19.22
Jan	18.95	19.25	18.95	19.35
March	19.32	19.47	19.32	19.75

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	333.2	337.0	332.0	334.5
May	278.8	281.0	278.4	277.5
July	252.4	256.0	252.4	254.2
Sept	256.4	259.0	256.2	257.6
Dec	267.2	269.6	266.6	269.0
March	271.5	—	—	273.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
March	55.80	58.30	54.20	56.15
April	46.05	50.75	45.60	46.75
May	44.55	48.00	43.26	44.62
June	43.50	57.70	42.10	43.70
July	43.10	46.30	42.90	43.70
August	44.20	47.00	44.00	44.05
Sept	45.00	48.00	45.00	45.50
Oct	46.00	46.00	46.00	46.00
Nov	—	—	—	46.85
Dec	47.20	49.50	47.20	47.85

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	62.37	62.37	61.30	60.67
June	61.72	61.75	60.65	60.37
August	59.30	59.35	58.50	58.20
Oct	58.07	58.15	57.30	57.05
Dec	58.65	59.80	58.90	58.80
Feb	59.70	60.70	59.45	60.60

PARIS—(FFr per tonne): May 1240/1241, Aug 1275/1280, Oct 1316/1320, Dec 1336/1350, Mar 1395/1400, May 1440/1455.

POTATOES

The market opened £2.00 firmer, basis April, following Monday's strong chart close and on continuing rumours of quality-problems associated with Dutch tenders. The market traded heavily within a £1.00 range in the morning with good profit-taking being well absorbed by fresh buying interest on 50p dips. The afternoon was much quieter with April moving up another 50p before dropping towards the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	97.20	96.00	98.50-96.50
May	104.90	105.50	105.90-105.10
Nov	78.00	78.00	78.00
Feb	85.00	85.00	85.00
Apr	101.50	102.50	—

Sales: 526 (1,249) lots of 40 tonnes. Earlies—July 96.80, +4.30, 100.90-96.00; Aug 82.50, +2.50; Sept 77.50, +2.50. Seine: 47 (31) lots of 10 tonnes.

OIL

Prompt North Sea crude was talked at firmer prices. Forward Brent traded thinly at $16 for May and close to $16 for April. Nymex WTI for April opened 28c up but traded 51c down at 1.30 pm EST. In the petroleum products market gas oil prices firmed sharply early on but fell back later in line with futures markets. Continued cold weather and consequent icing on the Rhine helped firm fuel oil prices—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	—	—
Arab Heavy	—	—
Dubai	14.60-14.80	+0.125
Brent Blend	16.80-16.30	+0.90
W.T.I. (1pm est)	14.85-14.95	+0.75
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	156-160	—6
Gas Oil	205-208	—
Heavy fuel oil	100-105	+4
Naphtha	185-187	—1.5

GAS OIL FUTURES

Month	Yesterd'ys Close $ US per tonne	+ or —	Business Done
Mar.	191.00	+2.00	195.00-88.50
Apr.	163.00	+2.00	175.00-62.50
May	150.75	+5.75	153.75-50.75
June	148.00	+5.00	150.00-48.50
July	146.50	+3.75	150.00-48.50
Aug	149.00	+5.50	152.00-48.50
Sep	148.00	+1.25	148.50

Turnover: 5,338 (4,575) lots of 100 tonnes.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to fall

The dolar continued to lose groun yesterday with no change in the market's bearish outlook. Traders remained convinced that ths US administration would not try to prevent a further reduction in the dollar's value. In addition there was a growing conviction that US interest rates would be reduced. Yesterday's economic statistics provided littls comfort and were largely ignored. While consumer prices rose by 0.3 per cent compared with expectations of a flat number, January durable goods orders rose by an unexpected 0.4 per cent.

Even this piece of mild encouragement was short lived as exclusion of defence spending left orders 2.8 per cent lower than the previous month. Apart from a brief spell of profit-taking during the afternoon, the dollar moved steadily weaker with little evidence of any significant buying. The dollar fell to a low of DM 2.2410 before recovering slightly to finish at DM 2.2440, its worst closing level since January 1982 and down from Monday's close of DM 2.2820. Against the Swiss franc it slipped to its lowest closing level since March 1982 at SFr 1.8850, down from SFr 1.9010. Elsewhere it fell to Y180.85 from Y182.85 and FFr 6.9075 from FFr 7.0225. On Bank of England figures, the dollar's exchange rate index fell from 118.7 to 117.7, its lowest level since January 1983.

STERLING — Trade weighted range against the dollar in 1985-1986 is 1.4960 to 1.0525. January average 1.4236. Exchange rate index 75.7 after a high of 75.8 and compared with an opening of 75.5 and Monday's close of 74.9. The six months ago figure was 80.2.

Sterling benefited from the dollar's weaker trend with the current high level of UK interest rates providing an added attraction. Sterling threatened to break $1.50 at one point but could only manage a high of $1.4960. It finished at $1.4920-$1.4930, a rise of 2.9c and its best closing level for two years. It was also firmer against the D-mark at DM 3.35 from DM 3.34 and Y269.75 compared with Y266.75.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.2440. January average 2.4392. Exchange rate index 134.5 against 127.2 six months ago.

Light profit-taking left the D-mark below its best level in Frankfurt yesterday but it still finished at the best closing level for four years. The dollar dropped to a low of DM 2.2455 but recovered to finish at DM 2.2555 still sharply weaker compared with Monday's close of DM 2.2900. US economic data on January durable goods were rather disappointing because of the high defence spending content and this depressed the dollar further. However, the dollar's rapid decline caused a good deal of uncertainty among banks with many traders worried about possible distortions caused by too sharp a fall. Earlier in the day the dollar had been fixed at DM 2.2550, down from DM 2.2880, without intervention by the Bundesbank.

JAPANESE YEN — Trading range against the dollar in 1985-1986 is 263.15 to 179.25. January average 199.95. Exchange rate index 189.3 against 156.9 six months ago.

The yen was firmer against the dollar in Tokyo yesterday. The US unit finished at Y180.80 compared with Y181.80 in New York and Y182.70 in Tokyo on Monday. However, trading was confined to a fairly narrow range

£ IN NEW YORK

Close	Feb. 25	Prev. close
£ Spot	$1.4815-1.4825	$1.4825-1.4835
1 month	0.55-0.51pm	0.52-0.51pm
3 months	1.59-1.55pm	1.56-1.55pm
12 months	5.02-4.94pm	4.89-4.79pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Feb 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4835-1.4960	1.4920-1.4930	0.53-0.50c pm	4.14	1.51-1.46pm	3.98
Canada	2.0632-2.0839	2.0780-2.0790	0.02-0.13c dis	−0.43	0.26-0.08pm	0.33
Nethlnd.	3.78½-3.81	3.78½-3.79½	2-1⅞c pm	4.36	6⅞-5⅞pm	0.07
Belgium	68.55-68.99	68.55-68.65	14-10c pm	2.10	33-27pm	1.75
Denmark	12.35½-12.44	12.35¾-12.36¾	4⅞-3½ore pm	4.06	13½-11¼pm	3.92
Ireland	1.1074-1.1148	1.1114-1.1124	0.35-0.20p pm	2.97	1.10-0.65pm	3.10
W. Ger.	3.34½-3.37	3.34½-3.35½	2⅛-1⅞pf pm	7.12	6⅛-5⅞pm	7.24
Portugal	219¾-222	220-222	290-675c dis	−26.20	670-1730dis	−21.72
Spain	211.30-212.70	212.30-212.70	5c pm-35dis	−0.86	80-165dis	−2.02
Italy	2279-2294	2279½-2280½	8-12 lire dis	−4.74	28-35dis	−5.53
Norway	10.49-10.54¾	10.49-10.50	par-⅞ore dis	−0.50	1⅞-3½dis	−0.95
France	10.29¾-10.35¾	10.30½-10.31½	⅛c pm-6dis	−0.29	6⅛-8½dis	−2.31
Sweden	10.72¾-10.78	10.73-10.74	½ore pm-⅛dis	−0.14	1⅛-½pm	0.42
Japan	268¾-271	269¾-270¾	1.33-1.20y pm	5.63	2.98-3.80pm	5.77
Austria	23.60-23.68	23.63-23.68	11½-10gro pm	5.62	32½-27½pm	0.06
Switz.	2.80-2.82½	2.80¾-2.81¾	1⅞-1⅝c pm	7.47	6⅛-5⅞pm	7.82

Belgian rate is for convertible francs. Financial franc 68.15-69.25. Six-month forward dollar 2.64-2.59c pm. 12-month 4.65-4.50c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4835-1.4960	1.4920-1.4930	0.53-0.50c pm	4.14	1.51-1.46pm	3.98
Ireland†	1.3390-1.3493	1.3460-1.3475	1.05-0.90c pm	8.28	3.00-2.75pm	7.98
Canada	1.3869-1.3938	1.3910-1.3920	0.52-0.55c dis	−4.63	1.28-1.32dis	−3.72
Nethlnd.	2.5370-2.5800	2.5395-2.5405	0.38-0.37c pm	1.75	1.27-1.24pm	1.93
Belgium	45.90-46.25	45.90-46.00	7-8c dis	−2.04	24-29dis	−2.28
Denmark	8.27½-8.34½	8.28-8.28½	⅛ore pm-⅛dis	—	⅛pm-⅛dis	−0.12
W. Ger.	2.2410-2.2806	2.2435-2.2445	0.60-0.55pf pm	3.06	1.86-1.81pm	3.26
Portugal	147½-149½	148-149½	250-560c dis	−32.43	600-1200dis	−22.97
Spain	141.30-142.25	141.40-141.50	60-100c dis	−6.34	175-250dis	−5.98
Italy	1527-1537	1527-1528	12-13½ lire dis	−9.97	38-40dis	−10.29
Norway	7.02½-7.08½	7.03-7.03½	2½-2⅞ore dis	−4.46	8⅛-8⅝dis	−5.10
France	6.89½-6.94	6.90½-6.91½	2½-2⅞c dis	−4.64	11-11½dis	−6.58
Sweden	7.18½-7.22½	7.19-7.19½	2⅛-2⅜ore dis	−3.95	6⅛-6⅝dis	−3.60
Japan	180.35-182.00	180.80-180.90	0.23-0.20y pm	1.43	0.64-0.60pm	1.81
Austria	15.76-16.06	15.80-15.82	3-1gro pm	1.52	5-3pm	1.14
Switz.	1.8780-1.8990	1.8845-1.8855	0.56-0.50c pm	3.34	1.80-1.75pm	3.76

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 25	Bank of England Index	Morgan Guaranty Change %
Sterling	75.7	−10.5
U.S. dollar	117.7	+0.4
Canadian dollar	78.7	−10.0
Austrian schilling	126.0	+7.1
Belgian franc	94.5	−8.1
Danish Kroner	86.6	−1.2
Deutsche mark	134.5	+14.0
Swiss franc	156.0	+14.6
Guilder	123.0	+8.6
French franc	71.7	−10.2
Lira	46.6	−17.8
Yen	189.3	+39.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Feb. 25	£	$
Arg'tina	1.1852-1.1955	0.8000-0.8010
Aus'alia	2.1070-2.1110	1.4105-1.4120
Brazil	20,135-20,203	13,500-13,570
Finland	7.5830-7.6030	5.0900-5.0920
Greece	205.75-210.00	138.30-141.10
H'kong	11.5800-11.6300	7.8000-7.8020
Iran	117.0*	81.95*
Kuwait	0.4215-0.4230	0.28275-0.28315
Lux'burg	68.55-68.65	45.90-46.00
Malaysia	3.6650-3.7000	2.4715-2.4735
N'Z'land	2.8170-2.8270	1.8870-1.8920
Saudi Ar.	5.4480-5.4535	3.6515-3.6525
Sin'pore	3.1700-3.2000	2.1390-2.1410
S.Af.(Cm)	2.9470-2.9520	1.9785-1.9825
S.Af.(Fn)	3.9315-4.0375	2.6315-2.7025
U.A.E.	5.4780-5.4845	3.6725-3.6735

* Selling rate.

CURRENCY RATES

Feb. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.771758	0.643678
U.S.$	7½	1.15046	0.960046
Canadian $	11.10	*	1.33412
Austria Sch.	4	18.2256	15.2071
Belgian Fr.	9¾	53.1825	44.3277
Danish Kr.	7	9.58333	7.99190
D'mark	4	2.59429	2.16490
Guilder	5	2.20367	2.44812
French Fr.	9½	7.87441	6.65552
Lira	10½	N/A	1472.71
Yen	4½	208.233	173.815
Norway Kr.	8	8.13375	6.77072
Span'h Pta.	—	163.475	136.074
Swedish K.	9½	N/A	6.91257
Swiss Fr.	4	2.17034	1.81209
Greek Drch	20½	160.777	133.792
Irish Punt	—	0.857918	0.715918

*C$/SDR rate for February 24: 1.58360.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.3277	−1.12	+1.14	±1.5425
Danish Krone	8.12857	7.99190	−1.68	+0.58	±1.6421
German D-mark	2.23840	2.16490	−3.28	−1.02	±1.0886
French Franc	6.86402	6.65552	−3.04	−0.78	±1.3654
Dutch Guilder	2.52208	2.44812	−2.93	−0.67	±1.5162
Irish Punt	0.724578	0.715910	−1.20	+1.06	±1.6673
Italian Lire	1520.60	1472.71	−3.15	−2.09	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Long-term Eurodollars: two years 8⅝-8½ per cent; three years 8¾-8⅞ per cent; four years 8⅞-9 per cent; five years 8⅞-9⅛ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Further rise

Dollar interest rate contracts rose on ths London International Financial Futures Exchange yesterday, as the rebound in oil prices, and fears of higher inflation in the US, were outweighed by hopes of lower interest rates. US consumer prices rose 0.3 per cent in January, against market expectations of 0.1 per cent, but this had less impact than confusing figures on January US durable goods orders.

March US Treasury bonds opened at 91-08, and fell to the day's low of 90-28, when it was announced durable goods rose 0.4 per cent, compared with forecasts of a fall of 2.7 per cent. There was a very quick recovery to a peak of 45 per cent in defence orders, the durable goods figures was down 2.8 per cent.

Profit taking took the contract down to 91-09 at the close, compared with 90-15 previously. Although technically overbought, according to comment in the market, dealers suggested that a long bond yield of 8 per cent was looked for, projecting a prics of 100-00.

June Eurodollars opened at 92.22 and met with good buying, until the CPI and durables goods figures pushed the contract down to 92-19, before it rose to 92-25, on the defence element of the durable goods data, and closed at 92-23, against 92-17 on Monday.

March gilts opened at 115.01, amid hopes among chartists of a new contract high of 116-22. But the contract high was only 115.04, where sellers entered the market on a large scale. The announcement of a tap stock in the afternoon depressed the contract further, to a low of 114-07, before closing at 114-09, compared with 114-10 previously.

Short sterling for June delivery opened very firm at 88.90, as sterling rose sharply on the foreign exchanges. Sellers pushed ths price down to a low of 88.83 in early trading, but the contract finished firm at 88.94, against 88.70.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4925	1.4874	1.4777	1.4654	1.4468

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4865	1.4930	1.4840	1.4760
June	1.4730	1.4800	1.4715	1.4616
Sept	1.4620	1.4780	1.4620	1.4500
Dec	1.4600	1.4610	1.4600	1.4419

LIFFE—STERLING £25,000 $ per £

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

STERLING INDEX

	Feb. 25	Previous
8.30 am	75.5	74.9
9.00 am	75.6	74.9
10.00 am	75.6	74.9
11.00 am	75.6	74.8
Noon	75.7	74.8
1.00 pm	75.8	74.8
2.00 pm	75.8	74.8
3.00 pm	75.8	74.8
4.00 pm	75.7	74.9

LONDON

FT-SE 100 INDEX £25 per full index point

THREE-MONTH EURODOLLAR $1m points of 100%

US TREASURY BONDS 8% $100,000 32nds of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

15% NOTIONAL SHORT GILT £100,000 64ths of 100%

THREE-MONTH STERLING £500,000 points of 100%

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

US TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES

MONEY MARKETS

Rates fall as pound rises

Interest rates continued to decline on the London money market yesterday, with the longer periods showing the greatest fall. Enthusiasm for an early cut in clearing bank base rates was described as patchy by dealers. The most tangible sign that the market believed base rates may come down was the reluctance of the discount houses to sell longer dated bills. All the assistance supplied by the authorities was through purchases of bills in the shorter dated bands and there was a suggestion some houses may have offered bills below the present intervention rates.

UK clearing banks base lending rate 12½ per cent since January 9

Sterling's rise of about 3 cents, to threaten the $1.50 level encouraged hopes of lower interest rates, but this was tempered by caution that the authorities may be wary of endorsing lower rates at a time of uncertainty about oil prices.

Caution is likely to prevail ahead of the February money supply figures on March 11, and a meeting of Opec ministers on March 15. The Budget follows on March 18.

Three-month interbank fell to 12⅛-12¹⁄₁₆ per cent from 12⅜-12¼ per cent, already pointing to a possible cut of ½ per cent in base rates, but one-month money was little changed at 12⁷⁄₁₆-12⅜ per cent, compared with 12⅝-12½ per cent.

The Bank of England revised its estimate of the London money market shortage three times, and eventually appeared to supply more help than necessary. The initial forecast was for a shortage of £300m, but this was revised to £500m at noon, and to £400m, followed by £450m in the afternoon. Total help was £507m, through outright purchases of short dated bills.

Before lunch the authorities bought only £38m bills in band 2 at 12⁷⁄₁₆ per cent. In the afternoon another £469m bills were purchased, by way of £4m local authority bills in band 1 at 12½ per cent; £97m bank bills in band 1 at 12½ per cent; and £368m bank bills in band 2 at 12⁷⁄₁₆ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £259m, with the unwinding of repurchase agreements absorbing £521m, and bank balances below target another £65m. These outweighed Exchequer transactions adding £485m to liquidity, and a fall in the note circulation of £40m.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⅞
Fed funds at intervention	7¹³⁄₁₆
Treasury Bills & Bonds	
One month	6.99
Two month	7.13
Three month	7.25
Six month	7.41
One year	7.56
Two year	7.80
Three year	8.01
Four year	8.06
Five year	8.12
Seven year	8.32
10 year	8.41
30 year	8.61

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 25)

Three months US dollars		Six months US dollars	
bid 7 13/16	offer 7 15/16	bid 7 13/16	offer 7 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

MONEY RATES

Company Notices

Legal Notices

Clubs

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 13/16	96¼	Treas. 10pcCnv 1986	99 13/16	.....	10.04	12.59
98	92¾	Treas 3pc 1986	97 15/16	-1/16	3.06	12.42
100	97½	Exch. 10½pc 1986	99 15/16	.....	10.55	12.53
101⅞	99⅛	Treas 12pc 1986	99 15/16	.....	12.01	11.98
98 13/16	94¼	Treas 8¼pc 1984-86‡‡	98 13/16	+1/16	8.60	11.84
105 3/16	100½	Exch. 14pc 1986	101 1/16	+⅛	13.80	11.59
95 13/16	87¾	Exch. 2½pc 1986	95¼	.....	2.01	8.56
104 1/16	100¼	Exch. 13¾pc 1987	101 7/16	+¼	13.06	11.47
99 13/16	96⅝	Treas 10¼pcCv '87	99⅜	+¼	10.34	11.22
94¼	85½	Exch 2½pc 1987	94¼	+1/16	2.64	6.10
100 3/16	96⅝	Exch. 10½pc 1987	99⅜	+1/16	10.59	11.33
95⅞	89	Funding 6½pc '85-87‡‡	95⅞	+1/16	6.78	10.29
99 1/16	95½	Treas. 10pc 1987	98 11/16	+1/16	10.13	11.07
93¼	84⅛	Treas 3pc 1987	93¼	+¼	3.22	8.28
102 13/16	99⅛	Treas. 12pc 1987	101¼	+1/16	11.85	11.12
95¼	90⅛	Treas 7¾pc 1985-88‡‡	95¼	.....	8.14	10.54
100 1/16	95⅝	Exch 10½pc '88	99 5/16	+¼	10.57	10.85
98⅛	93⅛	Treas 9¾pc Cv '88	97⅜	-1/16	10.01	11.05
88 5/16	80	Transport 3pc '78-88	88 5/16	+1/16	3.39	8.48
97⅜	91½	Treas. 9½pc '88	96½	+⅛	9.84	11.03
102⅞	97½	Treas 13½pc 1989	101 5/16	+¼	11.32	10.87
97 1/16	90⅜	Treas 9½pc Cnv. '89	96⅜	+¼	9.86	10.88
84 13/16	79	Treas 3pc 1989	84 5/16	+⅛	3.54	8.54
99⅞	94	Treas 10½pc 1989	99 3/16	+¼	10.59	10.78
98⅛	92	Exch.10pc 1989	97 13/16	+1/16	10.22	10.79
101 5/16	95	Exch 11pc 1989	100 13/16	+1/16	10.91	10.72
86½	79	Treas 5pc 1986-89	86⅜	+1/16	5.78	9.47
99 13/16	95	Exch 10¼pcCv '89	99 13/16	+⅛	10.26	10.25
108 13/16	103⅛	Treas 13pc 1990‡‡	107 1/16	+1/16	12.14	10.71
101⅛	96 13/16	Exch 11pc 1990‡‡	101	+⅛	10.89	10.68
108⅜	100⅛	Exch. 12½pc 1990	105⅞	+1/16	11.81	10.70
81 3/16	75⅛	Treas. 3pc 1990	80 13/16	+1/16	3.71	8.54
93⅜	87⅛	Treas 8¼pc 1987-90‡‡	92 5/16	+¼	8.94	10.50
101⅛	91⅞	Treas. 10pcCv 1990	97⅛	+1/16	10.28	10.75
77 3/16	76⅜	Exch 2½pc 1990	77 3/16	+⅛	3.24	8.43
108⅛	97⅝	Treas 11¾pc 1991	103⅝	+1/16	11.31	10.70

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

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AMERICANS—Cont.

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INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا اصل الأصل

هكذا اصل الأصل

INDUSTRIALS—Continued

1985-86 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
106	63	♦Midland Marts	103		4.0	2.1	5.5	12.3
83½	55½	Mitchell Cotts	77½	–1	4.25	2.0	7.8	(7.8)
105	78	♦Mollns & Crane 10p	105	+1	2.7	2.7	3.7	14.4
256	182	Morgan Crucible	255	+2	8.5	1.6	4.8	17.7
33	16½	♦Morris (W) F.A. 20p	18½		0.5	♦	3.9	♦
131	91	Moss (Robt.) 10p	104	+1	3.0	2.7	4.1	11.2
100	60	Myson Grp 10p	100	+1	2.63	3.4	3.7	19.0
330	214	♦NMW Computers	300	–5	6.0	♦	3.0	♦
43	27	Nash Inds.	33	–2	0.5	—	2.1	—
48	15	Ned & Spencer 10p	28	+2	♦	—	—	8.4
44	14½	Newman Inds. 10p	32		20.3	—	1.3	(15.1)
65	26	Nokia	60	+1	0.95	5.9	2.1	8.6
104	91	♦Norank Systems 5p	100		3.0	2.4	4.3	13.9
218	146	Norcros	218		8.6	2.0	3.6	11.9
62	45	No-Swift 5p	52		3.0	1.9	8.2	8.4
114	65	Oakwood Grp	96		5.0	♦	7.4	♦
250	150	Office & Elect	208		7.5	2.6	5.2	10.7
108	70	Oldacre 20p	80		4.0	2.6	7.1	7.1
58	29	♦Optometrics $0.01	33		0.2c	2.1	5.1	10.4
530	312½	Oriflame £1	525		23.4	1.0	4.5	12.4
10	5½	Owenstone 12½c	10		0.73c	1.9	10.5	3.0
£271	£158	Ozalid 9pc Cnv 87-92	£243	–5	9%	—	5.7	—
185	95	PCT Grp 10p	180		3.2	1.2	6.7	(24.6)
£16¾	850	PLM 'B' Sk 25	£16½	+¼	23.2%	♦	3.9	♦
193	114	PSM Intl.	158	+12	5.25	2.1	9.0	10.3
193	135	♦Paper Systems $0.01	170	+3	3.84c	—	1.0	—
60	50	♦Pacific Sales 10p	61		3.0	2.1	1.0	8.0
243	120	Park Place 10p	230		6.25	1.9	3.9	19.3
296	165	Parker Knoll 'A'	276	+6	9.5	2.9	4.9	10.0
310	45	♦Parkfield Group 5p	310	+5	2.4	2.4	1.1	51.8
80	37	♦Paxton Intl.	84	–1	—	—	—	—
£190	£101	Do 11pc CnLn '94-02	£188	–2	011%	—	10.7	—
493	287½	Pearson	473	–5	18.5	3.0	2.6	16.8
29	12	Peek Holdings	16		—	—	—	—
96	71	Peerless	95		6.3	—	9.5	—

LEISURE—Continued

1985-86 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
89	51	Leisuretime Int 10p	89	+2	12.1	3.9	3.4	9.5
115	98	♦Lewmar	107		2.63	3.0	3.5	13.2
220	151	♦Media Tech Int 20p	200	–3	2.58	5.4	1.8	16.2
205	124	Medminster 10p	155		5.35	2.0	4.9	14.2
280	110	♦Miss World 10p	180	+5	3.6	4.1	2.9	12.3
127½	62	Nationwide Leisure	76		3.75	2.5	7.0	6.7
39	9	♦Nimslo Int 20c	13		—	—	—	—
28½	19	♦Owners Abroad 3p	28½		1.0	2.1	5.1	12.6
87	35	Photax (Lon.)	86	+13	—	—	—	—
34	18	♦P'dilly Radio NV 5p	34	+2½	2.0	1.2	8.4	14.4
90	30	♦Pineapple Dnc St 10p	48	+8	—	—	—	—
342	189	Pleasurama 5p	330		4.6	3.7	2.0	19.4
163	109	Do. 7pcCnCmRedPf	150		7%	—	6.7	—
96	77½	♦Pres Entertain 50p	93		2.0	2.1	3.1	22.1
65	10	♦Radio City 'A' NV	25		—	—	—	—
55	33	♦Radio Clyde NV	35		3.25	0.9	13.3	11.4
64	34	Riley Leisure 10p	60		0.7	—	‡	—
228	143	Saga Hols. 20p	228		4.0	2.1	2.1	24.4
289	97	Samuelson Grp 20p	288	+3	2.4	6.8	1.2	22.6
111	25	♦Sangers Photo 10p	85	–2	2.0	1.9	3.4	22.2
202	110	♦Scanro 50p	168	+10	3.68	2.6	3.1	16.3
268	128	Scott. TV 'A' 10p	265	–3	8.8	2.0	4.7	10.9
508	173	SeaCo Inc $0.125	176	–4	—	—	—	—
15	6	♦SelecTV 10p	10	–½	—	—	—	—
140	8	♦Spectrum 5p	37	+1	2.0	4.0	‡	3.9
37½	23	TSW 5p	37½		1.7	2.4	0.5	9.0
185	108	TVS N/Vtg 10p	170		0.0	♦	6.7	♦
235	132	♦Television Svcs 50p	170	+3	1.5	4.3	1.3	26.7
79	50	Tottenham Hotspur	52	–2	4.0	—	‡	—
105	72	♦Trikon 10p	80		1.1	3.1	2.0	16.9
165	93	♦Tyne Tees TV 'A' £1	153		10.5	2.1	‡	6.4
114	84	Ulster TV N/V 'A'	108		5.25	♦	6.9	♦
125	63	♦Viewplan 5p	77		1.26	♦	2.1	♦
26	17	Webb (Jos.) 5p	25		0.5	0.1	2.9	67.2
27½	12	♦Williams (Rex) 5p	25½	–2	0.91	♦	5.2	♦

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Australians

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Miscellaneous

NOTES

Abbreviations: ♦ ex dividend; ♦ ex scrip issue; ♦ ex rights; ♦ ex all; ♦ ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	102		Fin. 13% 97/02	£122⅞	+1½
Craig & Rose £1	£21		Arnotts	247	+7
Finlay Pkg. 5p	45		CPI Hldgs	63	
Holt (Jos) 25p	720		Carroll Inds.	168	+3
IoM Stm. £1	63	+3	Dublin Gas	52	
			Hall (R. & H.)	60	
IRISH			Heiton Hldgs.	24	
Fund 11¼% 1988	£98¼		Irish Ropes	85	
Nat. 9¾% 84/89	£95⅝		Unidare	110	

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LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 10	Feb 20	Feb 21	Mar 3
Feb 24	Mar 6	Mar 7	Mar 17
Mar 16	Mar 26	Mar 27	Apr 7

* "New-time" dealings may take place from 8.30 am two business days earlier.

Gilts march on but profit-taking leaves equities lower

Expectations that business would fall off from recent high levels as investors re-examined the fundamentals responsible for the unprecedented four-week surge in share prices were wide of the mark yesterday. Turnover was again heavy with fresh inflows of investment funds more than offsetting sales of stock for most of the trading session.

The scent of bank base rate cuts before next month's budget attracted the new money when commercial rates for credit eased noticeably again in London. Sustained buying pulled leading stocks up from lower opening levels and the tone brightened further as oil prices steadied on views that Saudi Arabia could be ready to modify its hard line over non-Opec production and cut output.

Although another strong sterling performance against the dollar militated against support of international stocks, the market continued its march forward to record levels. Shortly after 1.00 pm, the FT-SE 100 share index was over seven points up but an hour or so later a bout of profit-taking developed. The opportunity to buy stock was welcomed by many jobbers who immediately marked prices down to force out more nervous short-term holders.

Few were persuaded to sell but the damage had been done and the reactionary tendency continued in the after-hours' trade to leave the FT-SE index down 5.3 on the day at 1,527.7. Its narrower-sister index, the FT Ordinary share, ended 11 off at 1,264.2.

The opening scenes in the Gilt-edged market were dramatic with some dealers calling prices nearly a point higher: this reflected the strength of the exchange rate in New York overnight. After initial confusion, sellers gained the upper hand and gains were halved before business became more evenly balanced. The tempo slowed from noon onwards but the firmness of sterling encouraged fresh demand awaiting the possibility of new official funding at 3.30 pm.

This was announced via the issue to the Bank of England of £800m of Conversion 9½ per cent 2005, to be designated "A." When business recommenced 30 minutes later, most longer-dated Gilts were quoted a touch lower but medium life issues held their ground to close with rises extending to ⅛. The shorts also maintained a firm profile to end nearly ⅛ higher on balance.

The market in Traded Options was closed throughout the morning owing to computer problems. These were eventually sorted out and business got under way at around 1.00 pm with dealers reporting a lively turnover as the backlog of orders was cleared.

Clearers rally

Clearing banks regained composure after Monday's weakness on Mexican debt worries. Lloyds, in particular, came in for renewed support ahead of Friday's preliminary results and closed 11 better at 481p, after 483p. NatWest, 696p, recovered 6 of the previous day's fall of 19.

Life Insurances returned to prominence as a couple of brokers' recommendations for the sector attracted investors. Although best levels were not held, double-figure gains were still commonplace by the close. Equity and Law advanced 11 to 266p, after 270p, as did Legal and General at 744p, after 752p. Britannic moved up 10 to 840p, after 843p, and London and Manchester appreciated 15 at 833p. Sun Life put on 12 to 877p, but Prudential, after touching 823p, reacted to close only 7 dearer at 812p. Apart from GRE, which fell 17 to 798p, Composites gained ground. Royals advanced 10 afresh to 865p, after 878p, ahead of tomorrow's preliminary figures, while General Accident firmed 23 to 806p, after 815p.

Distillers dipped 13 to 618p as interest faded awaiting the outcome of Argyll Group's application for a judicial review in an attempt to block the agreed bid for Distillers from Guinness; it was announced late yesterday that the application had been successful and that a hearing was provisionally set for tomorrow.

Leading Building issues turned irregular as recent buying enthusiasm waned. Blue Circle ran into profit-taking and settled 6 off at 575p and Tarmac slipped 4 to 416p. Barratt Developments attracted good support as investors looked forward to the interim results due around the middle of next month and spurted 8 to 144p. Elsewhere, Alfred McAlpine, up 13 more at 365p, continued to respond to the good annual figures.

Currency factors sparked off a bout of profit-taking in ICI which fell away to close a net 35 down at 904p; the annual results are due tomorrow. Laporte slipped 5 to 368p, but Wardle Storeys continued to attract buyers and rose 10 afresh to 276p, while takeover favourite James Halstead gained 8 more to 144p.

Profit-taking in Stores

Retailers, widely-supported recently, paused for breath. Dealers reported only occasional offerings, but quotations still finished at around the day's lowest. Woolworth, 480p, Gussies "A," 924p, and Burton, 266p, all shed a few pence, while Sears up to 124p at one stage settled a net penny cheaper on balance at 120½p. Profit-taking was also evident in recent speculative high-fliers Martin Ford, 107p, and Aquascutum "A," 93p, down 4 and 6 respectively. Dunhill eased 8 to 417p, while Lee Cooper, up to 210p in initial trading, settled only a couple of pence to the good on balance at 198p. Ladies Pride eased 2 to 26p following the increased full year deficit and reduced final dividend. In contrast, Amber Day attracted scattered support to close 2 dearer at 25½p.

STC remained an active counter in Electricals, rising to 116p on vague rumours of a possible bid from BTR before closing the session 4 higher at 112p; the preliminary results are scheduled for March 7. Persistent buying on takeover speculation also prompted rises of 16 and 22 respectively in Crystalate, 196p, and Telephone Rentals, 207p. Publicity given to a broker's circular helped Apricot Computer improve 4 at 88p, while Burgess Products were supported at 170p, up 20. Eurotherm advanced 15 at 360p and Real Time Control firmed 10 to 58p.

Leading Engineers succumbed to profit-taking, particularly in the latter part of the trading session. GKN fell 10 to 333p. Still reflecting the preliminary figures, Vickers hardened afresh to 407p before reacting to close 7 off on balance at 398p. Secondary issues encountered renewed selective buying which sometimes found the market none too well supplied with stock. Simon advanced 12 to 210p and Desoutter closed 18 higher at 243p. Delta, supported up to 243p at one stage, fell back to close only 6 firmer on balance at 224p. Birmid Qualcast put on 4 to 109p.

Food Retailers made another bright showing. Dee Corporation were prominent at 265p, up 10, while Tesco added 3 more to 343p and J. Sainsbury hardened a couple of pence to 380p. A broker's recommendation stimulated ASDA-MFI which firmed 4 to 156p, while further buying interest lifted William Low 10 to 585p and William Morrison 6 to 174p. Recently-overlooked Watson and Philip revived with a gain of 7 at 146p. Elsewhere, Cadbury Schweppes came back 6 to 160p as bid hopes faded, while S. & W. Berisford shed 4 to 164p following comment on the annual results. Fitch Lovell, however, attracted further speculative buying on takeover hopes and closed a net 14 up at the day's best of 307p.

Further buying in the wake of an analysts' meeting lifted Grand Metropolitan to 415p before profit-taking left the close only 7 higher on balance at 405p. Mount Charlotte, a good market of late, shed 4½ to 94½p following the annual results, but bid rumours continued to boost Norfolk Capital, up 3½ at 32p.

Traf. House advance

Most leading miscellaneous industrials, particularly international stocks, took a distinct turn for the worse, but Trafalgar House, overlooked recently, met with support and put on 13 to 334p. Pilkington, sustained by BTR bid hopes, also resisted the trend and touched 445p before settling only 5 higher on the day at 430p. In contrast, US favourite Glaxo succumbed to currency influences and fell 52 to 973p. Beecham, reflecting the lack of any bid developments, fell 10 to 375p. BTR, 433p, and BOC, 315p, fell 10 and 6 respectively, while Hanson Trust drifted back a couple of pence to 183p. Elsewhere, Biddle Holdings advanced 27 to 175p on news of the bid approach. Macarthys Pharmaceutical rose 27 to 352p; it was announced yesterday that Jadelle and the concert parties control and have acceptances in respect of shares representing a total of 45.68 per cent. Bluebird Toys responded to the preliminary figures with a rise of 6 at 216p, while Marley closed a penny firmer at 111p also on annual results. Speculative activity lifted Rockware 9 to 49p, after 55p, and left Clement Clarke 15 to the good at 188p. Late support accompanied by talk of further bid developments left Extel 8 higher at 411p.

Photax (London), still excited by Monday's announcement that Clayhithe had increased its stake in the company to nearly 26 per cent, advanced 13 more for a two-day jump of 23 at 86p. Pineapple Dance Studio, meanwhile, leapt 6 to 48p on news of the acquisition of a 33 per cent interest in Rocks, a London based designer and supplier of costume jewellery. Rex Williams, on the other hand, dropped 2 to 25½p in reaction to the disappointing annual results.

Dull from the outset reflecting currency considerations, Jaguar succumbed to fresh offerings after-hours' and closed 29 lower at 451p. Similarly, recent favourite Lucas Industries encountered often sizeable profit-taking and finished 24 off at 596p. In sharp contrast, revived speculative attention lifted AE 9 to 176p, and Armstrong Equipment 7½ to 106p.

Associated Newspapers, trading in slimmed-down form following the 3-for-1 scrip issue, advanced 8 more to 278p. Ireland's Independent Newspapers rose 8 to 293p in response to the increased preliminary profits and proposed scrip issue. Carlton Communications fell 40 to 780p, after 765p, following a placing of just under 3.5m shares at 740p per share by a former director. LCA, however, firmed 7 for a two-day advance of 16 to 156p reflecting publicity given to a broker's circular.

The Property sector's current takeover favourite MEPC continued to trade in lively fashion and, after dipping to 360p initially, picked up on the reappearance of buyers to close unchanged *on balance* at 370p. Land Securities settled a couple of pence cheaper at 324p, as did British Land, at 169p. Hammerson A lost 10 at 470p.

The potential benefits of the proposed merger stimulated renewed support of Vantona Viyella, 6 up at 452p, after 454p, and Coats Patons, 4 to the good at 262p. Courtaulds, at one time suggested as a possible counter-bidder for Coats Patons, touched 236p before settling 8 up on balance at 233p. Elsewhere, revived takeover speculation lifted Illingworth Morris 8 to 121p, and John Crowther 12 to 123p, the latter for a two-day advance of 19.

The oil sector rose strongly throughout the morning and early afternoon on heavy buying prompted by the further rally in North Sea oil prices, but came off the top after-hours owing to profit-taking. BP, additionally boosted by talk of a buy recommendation from a leading broker, touched 548p before dipping late to close a net 7 higher at 537p. Shell settled 15 up on balance at 703p, after 710p while Britoil ended the day 5 firmer at 187p, after 190p. Secondary oils provided one of the day's outstanding features in Burmah which raced ahead to a 1985-86 high of 336p, reflecting rumours of an imminent bid from Lonrho, prior to closing a net 14 to the good at 330p.

The Australian oil sector suffered a severe mauling in overnight Sydney and Melbourne markets following heavy cuts in domestic oil prices. London dealers marked share prices down sharply at the outset and, after an initial flurry of selling, little in the way of further pressure was reported. Santos were especially vulnerable and showed a 22 fall at 186p.

Lonrho fell 8 to 254p amid talk that the company was planning a major acquisition in an attempt to ward off a possible bid approach.

Platinums up again

South African sectors of mining markets continued to gain ground despite the latest sharp rise in sterling against the dollar.

Platinums remained a strong market following a further show of strength by the platinum price which touched $425 at one point before easing back to around $417 at the close for a net gain of around $12. Platinum shares were chased higher for much of the session before easing on profit-taking and improving afresh late in the day. Rustenburg, the chief beneficiary of the recent surge in platinum prices, jumped 30 more to 740p.

South African Golds were marked higher at the outset, reflecting good US support overnight and subsequently improved further during the day owing to sustained buying interest from most international dealing centres. Johannesburg demand, fuelled by the latest firm showing by the Rand, was particularly in evidence. The Gold Mines index moved up 4.2 to 336.3.

Heavy losses in oil shares in overnight Sydney and Melbourne markets unsettled sentiment in mining issues which dropped sharply. Trading in London was more sedate but the majority of stocks were left with losses on balance.

FINANCIAL TIMES STOCK INDICES

	Feb. 25	Feb. 24	Feb 21	Feb. 20	Feb. 19	Feb. 18	year ago
Government Secs	86.06	84.82	84.14	83.73	84.00	83.52	79.29
Fixed Interest	90.71	89.38	88.96	88.96	88.35	88.58	85.17
Ordinary ♥	1264.2	1275.2	1256.0	1233.2	1235.1	1234.3	875.0
Gold Mines	636.6	632.1	632.7	624.8	326.3	317.6	448.7
Ord. Div. Yield	4.17	4.09	4.16	4.26	4.22	4.23	4.45
Earnings, Yld. % (full)	9.98	9.82	9.98	10.16	10.13	10.21	11.12
P/E Ratio (net) (*)	12.51	12.70	12.49	10.24	12.24	12.21	10.80
Total bargains (Est.)	30,433	28,025	38,478	53,250	30,406	34,986	27,583
Equity turnover £m.	—	1,054.78	873.88	947.34	982.34	1217.58	316.88
Equity bargains	—	40,231	37,958	58,994	40,061	37,031	00,638
Shares traded (ml)	—	438.8	290.3	388.6	438.7	488.4	150.2

♥ 10 am 1269.1. 11 am 1271.4. Noon 1274.8. 1 pm 1276.1. 2 pm 1275.2. 3 pm 1274.2. 4 pm 1268.4. Day's High 1276.8. Day's Low 1264.2. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. *Nil = 12.04.

HIGHS AND LOWS | **S.E. ACTIVITY**

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	86.06 (25/2/86)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (25/10/86)	83.17 (29/1/85)	150.4 (28/11/47)	50.55 (3/1/75)
Ordinary	1275.2 (24/2/86)	911.0 (25/7/85)	1275.2 (24/2/86)	49.4 (26/6/40)
Gold Mines	556.9 (15/4/85)	817.5 (6/11/85)	734.7 (18/2/83)	43.5 (26/10/71)

INDICES	Feb 24	Feb. 21
Daily Gilt Edged Bargains	152.8	144.8
Equities Bargains	261.1	246.0
Value	2,152.0	1760.5
5 day Average Gilt Edged Bargains	168.5	153.3
Equities Bargains	248.0	247.1
Value	0,051.9	1991.8

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues Feb 25 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Mon Feb 24 Index No.	Fri Feb 21 Index No.	Thurs Feb 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	668.61	−0.6	8.51	3.47	14.76	1.37	672.68	662.30	653.72	532.06
2	Building Materials (24)	710.75	—	9.27	3.82	13.52	0.50	710.91	699.67	693.22	472.11
3	Contracting, Construction (27)	1031.56	+0.5	8.77	4.14	14.95	2.30	1026.21	1018.97	1018.10	696.89
4	Electricals (13)	1844.83	+0.4	7.95	4.11	16.40	1.50	1837.87	1801.68	1778.40	1483.84
5	Electronics (38)	1669.34	−0.6	8.80	2.75	14.94	6.02	1678.70	1658.14	1642.75	1693.22
6	Mechanical Engineering (64)	371.09	—	9.47	4.01	12.86	8.64	371.18	361.50	358.41	290.24
8	Metals and Metal Forming (7)	300.10	−1.1	7.34	5.52	16.62	0.00	303.33	295.03	289.27	179.15
9	Motors (18)	267.04	−2.9	8.81	3.45	13.84	0.34	274.96	271.49	266.17	158.22
10	Other Industrial Materials (22)	1186.96	−1.3	6.38	3.03	18.70	2.35	1202.95	1188.91	1156.84	890.55
21	CONSUMER GROUP (184)	844.33	−0.7	8.02	3.31	15.67	2.07	850.50	839.60	825.85	619.19
22	Brewers and Distillers (23)	838.82	−0.4	9.43	3.70	13.52	4.04	841.87	842.89	822.11	555.89
25	Food Manufacturing (22)	603.35	−0.5	10.01	4.21	12.91	1.68	606.33	599.69	590.36	499.24
26	Food Retailing (14)	1855.03	+1.4	6.46	2.50	21.02	5.78	1829.02	1803.41	1774.27	1413.92
27	Health and Household Products (10)	1447.09	−3.3	5.27	2.22	22.29	0.25	1496.53	1459.93	1406.31	1022.72
29	Leisure (25)	870.76	+0.2	7.45	3.97	17.29	9.39	869.07	862.12	850.75	680.48
32	Publishing & Printing (13)	2118.63	+0.6	7.98	4.30	15.81	2.36	2106.62	2086.58	2067.46	1696.83
33	Packaging and Paper (15)	421.05	−0.2	8.20	3.77	14.49	0.89	422.10	420.09	417.93	303.13
34	Stores (43)	802.97	−0.4	6.69	2.70	20.23	1.06	805.84	792.47	789.90	534.37
35	Textiles (16)	472.57	+2.1	10.39	3.69	10.92	0.15	462.69	452.20	449.17	337.04
36	Tobaccos (3)	1027.26	−2.2	12.85	4.84	8.96	0.00	1050.28	1042.86	1033.28	902.43
41	OTHER GROUPS (85)	767.46	−0.6	8.97	3.84	14.62	1.50	772.45	758.61	744.45	660.62
42	Chemicals (19)	857.22	−2.8	11.66	4.52	11.33	2.32	881.93	855.41	831.62	826.24
44	Office Equipment (4)	252.03	+0.4	7.68	3.99	15.50	3.81	251.10	256.01	255.97	176.88
45	Shipping and Transport (12)	1532.24	+0.7	6.68	3.79	18.55	0.00	1521.68	1489.67	1478.69	1086.89
47	Telephone Networks (2)	887.31	—	9.29	3.70	14.77	0.93	887.31	874.69	868.62	757.24
48	Miscellaneous (48)	973.97	−0.3	7.05	3.49	17.39	1.68	976.77	960.63	927.66	827.74
49	INDUSTRIAL GROUP (482)	788.63	−0.7	8.37	3.48	15.17	1.76	793.99	782.31	769.76	615.56
51	Oil & Gas (18)	1127.00	+1.7	19.36	8.05	6.09	21.65	1107.81	1102.78	1093.63	1204.08
59	500 SHARE INDEX (500)	818.76	−0.4	9.54	3.96	13.09	3.30	822.26	811.04	798.68	664.54
61	FINANCIAL GROUP (118)	560.11	+0.6	—	4.33	—	0.28	556.97	558.85	550.79	441.80
62	Banks (7)	550.21	+1.0	16.77	5.69	8.42	0.00	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (103)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (738)	743.92	−0.2	—	4.02	—	2.56	745.76	737.54	726.85	607.91

	Index No.	Day's Change	Day's High	Day's Low	Feb 24	Feb 21	Feb 20	Feb 19	Feb 18	Year ago
FT-SE 100 SHARE INDEX ♦	1527.7	−5.3	1540.2	1526.8	1533.0	1518.0	1492.1	1491.9	1491.9	1259.5

FIXED INTEREST

	PRICE INDICES	Tues Feb 25	Day's change %	Mon Feb 24	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	119.82	+0.25	119.54	—	1.45
2	5-15 years	134.20	+0.48	133.46	—	2.25
3	Over 15 years	141.26	+0.41	140.68	—	2.67
4	Irredeemables	155.26	+0.06	155.16	—	1.28
5	All stocks	131.97	+0.34	131.53	—	2.05
	Index-Linked					
6	5 years	108.93	—	108.93	—	0.81
7	Over 5 years	110.22	+0.19	110.01	—	0.73
8	All stocks	109.99	+0.16	109.81	—	0.73
9	Debentures & Loans	114.51	+0.50	114.16	—	1.23
10	Preference	79.60	—	79.60	—	1.67

AVERAGE GROSS REDEMPTION YIELDS: British Government Low Coupons 5, 15, 25 years; Medium Coupons 5, 15, 25 years; High Coupons 5, 15, 25 years; Irredeemables; Index-Linked Inflation rate 5% 5 yrs., Over 5 yrs.; Inflation rate 10% 5 yrs., Over 5 yrs.; Debs & Loans 5, 15, 25 years; Preference — figures [illegible].

♦ Opening index 1526.8; 10 am 1529.6; 11 am 1534.3; Noon 1537.2; 1 pm 1539.7; 2 pm 1539.7; 3 pm 1538.1; 3.30 pm 1531.5; 4 pm 1530.6.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.
CORRECTION TO FOOTNOTE: Wellcome was inserted into (27) not (6).

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	375	−10
BP	537	+ 7
Burmah Oil	330	+14
Commercial Union	278	+ 3
Courtaulds	233	+ 8
Crowther (J.)	123	+12
Glaxo	973	−52
ICI	904	−35
Jaguar	451	−29
Lonrho	254	− 8
Prudential	812	+ 7
Shell Transport	703	+13

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
ICI	35	939	+39
BP	28	530xd	+12
PPL	28	165	—
Pilkington Bros	25	425	+25
Vickers	25	405	+35
Glaxo	22	£10¼	+ 0¼
GUS A	22	930	+27
Amstrad	21	380xd	+22½
Pearson	20	478	+13
Beecham	19	385	+16
Exco Intl.	18	245	+11
Berisford (SW)	17	168	+12

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$320	28	40	—	—	—	—	$351.90
[illegible]								

TOTAL VOLUME IN CONTRACTS: 50,988.
A=Ask B=Bid C=Call P=Put

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	97	1	11
Corpns. Dom. and Foreign Bonds	45	0	36
Industrials	386	358	762
Fin. and Props.	123	132	319
Oils	30	24	71
Plantations	0	7	6
Mines	49	26	103
Others	29	132	69
Totals	759	680	1,380

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (243)

BRITISH FUNDS (49), CORPORATION LOANS (2), LOANS (1), BANKS (7), BREWERS (1), BUILDINGS (14), CHEMICALS (4), STORES (5), ELECTRICALS (8), ENGINEERING (21), FOODS (6), HOTELS (5), INDUSTRIALS (39), INSURANCE (6), LEISURE (4), MOTORS (7), NEWSPAPERS (1), PAPER (6), PROPERTY (6), SHIPPING (1), SHOES (1), TEXTILES (9), TRUSTS (39), OILS (1).

NEW LOWS (31)

AMERICANS (4) Cenergy Corp., Microcomputer Memories, Tenneco, US Steel. CANADIANS (9) Bank of Montreal, Bank of Nova Scotia, Bow Valley, Gulf Canada, Imperial Oil, Massey-Ferguson, Royal Bank of Canada, Toronto-Dominion Bank, Trans. Canada Pipe. BANKS (1) MCorp. TRUSTS (3) New Darien Oil, Flextech, Yule Catto. OILS (10) Brython Oil and Gas, Command Petroleum, Gerber Energy, Hamilton Oil, Lennard Oil, Magellan Petroleum, Moonie Oil, Phoenix Oil and Gas, Ranger Oil, Santos. OVERSEAS TRADERS (1) Boustead. PLANTATIONS (2) Anglo-East Plants., Highlands and Lowlands. MINES (1) Aquarius Expln.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 17	Feb 28	May 29	June 9
Mar 3	Mar 14	June 12	June 23
Mar 17	Apr 4	June 26	July 7

For rate indications see end of Unit Trust Service

Call options were taken out in Pilkington, George Dew, Carless Capel, George Wimpey, Vosper, C. & W. Walker, Brengreen, Burgess Products, Keep Trust, Norfolk Capital, Harris Queensway, Hawtin, North Kalgurli, Fisons, Derek Crouch, Yorkshire Chemical, King and Shaxson, STC, Polly Peck, British Telecom and Eglinton Oil and Gas. Puts were done in Jaguar and Pilkington, while a double was taken out in Yorkshire Chemicals.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+ or −	Net dividend	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [footnote text illegible]

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*540)	500	53	70	80	5	18	16
	550	35	53	60	25	32	40
	600	7	17	28	58	62	68
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P. & O. (*493)	435	78	92	—	5	6	—
	460	47	66	75	8	13	15
	500	35	56	48	28	68	37
[illegible]							

February 25 Total contracts 13,633 Calls 10,968 Puts 4,665 *Underlying security price

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued)

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

SPAIN

[illegible]

SWITZERLAND

[illegible]

HONG KONG

[illegible]

ITALY

[illegible]

JAPAN

[illegible]

SWEDEN

[illegible]

SINGAPORE

[illegible]

NETHERLANDS

[illegible]

AUSTRALIA

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Prices at 2.30pm February 25

[illegible]

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices February 24

[illegible]

Total Sales 3,872,844 shares

Indices

NEW YORK

[illegible]

CANADA

Minerals	2163.3	2178.1	2143.6	2166.3	2163.6			
Composite	2801.5	2809.7	2801.3	2790.7	2781.9			
MONTREAL Portfolio	135.84	136.39	136.32	135.72	135.43	142.07 (17/12/85)	117.9 (4/1/85)	

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Eastern Air	5,041,600	7⅞	+1½	IBM	1,720,100	158⅞	−⅞
AT&T	1,819,600	22⅜	−⅛	Sears Roebuck	1,716,500	43⅝xd	−½
Texaco	1,780,300	29	—	Eastman Kodak	1,630,600	52⅞	+⅛
Utd. Telecom.	1,747,500	28xd	−⅜	Occid. Pet.	1,331,500	29⅜	+⅜
Phillips Petrlm.	1,727,000	10⅜	+⅛	Domin. Res.	1,260,600	40⅝	—

[illegible]

** Saturday February 22 Japan Nikkei 13,433.21. TSE 1,072.17.

Base value of all indices is 100, except: Brussels SE—1,000; JSE Gold—255.7; JSE Industrial 264.3; Australia All Ordinary and Metals—500; NYSE Composite—50; Standard and Poors—10 and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 35

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES		
Tr 11¾% 1991	£103⅞	+⅟₁₆
Ex 13½% 1994	£115⅛	+⅜
AE	176	+ 9
Armstrong Equip	108	+ 7½
Barratt Devs	144	+ 8
Biddle	175	+27
Bluebird Toys	218	+ 8
Burmah Oil	330	+14
Courtaulds	233	+ 8
Crowther (J)	123	+12
Crystalate	196	+16
Dee Corp	265	+10
Fitch Lovell	307	+14
Photax (Lond)	86	+13
Pineapple Dance	48	+ 8
Rockware	49	+ 9
Rustenburg Plat	760	+30
Shell Trans	703	+15
Simon Eng	210	+12
Telephone Rent	207	+22
FALLS		
Aquascutum A	98	− 6
Beecham	375	−10
Glaxo	973	−52
ICI	904	−35
Jaguar	451	−29
Lonrho	254	− 8
Lucas Inds	596	−24
Moonie Oil	105	−17
Nth Broken Hill	108	−16
Santos	186	−22

NYSE COMPOSITE PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
5⅝	3	WrldAr				29	4⅝	4⅝	4⅝	−⅛
105⅛	57½	Wrgly 1.80a	1.8	16		16	96¾	95¾	97	−1⅛
23⅜	15	Wynns	.80	3.6	18		16⅝	16½	16⅝	−⅛
		X Y Z								
70⅛	42⅛	Xerox	3	4.3	16	2978	69⅞	68¾	69	−1
18	3½	Zapata	.03j		28	381	4	3⅞	4	+⅛
66¼	40¼	Zayre s	.48	.8	18	440	63⅝	61⅜	61⅜	−2¼
23¼	18¼	ZenithE				1842	22⅞	22¼	22⅞	−⅜
30½	8¼	ZenLbs	.10i		4	20	387	24	23⅝	23¾ −⅛

[illegible]

Prices at 3pm, February 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅞	10⅝	AAR	s		18	403	16¼	16⅝	16¼	+ ¼
25⅜	10¼	AGS			18	585	24¼	23⅛	23⅛	− 1
14	9⅞	AMCA				5	11⅞	11⅞	11⅞	− ⅛
52¾	37½	AMR			8	11380	51⅝	49⅝	50	− 1⅞
25⅜	18⅝	AMR	pf2 18	8 7		5	25⅛	25	25⅛	+ ⅛
25⅝	23¼	ANR	pf 2.67	11		1	24½	24½	24½	
12½	7⅝	APL			7	20	11½	11¼	11½	
16¾	10⅝	ARX			13	25	14⅞	14⅝	14⅞	− ⅛
55⅜	32¾	AS4	2a	5 2		985	28¼	28⅛	28⅛	− ⅜
25	10½	AVX		1 8		334	17¾	17⅛	17½	
28⅞	20⅝	AZP	2 72	9 6	7	1985	27⅞	27½	27⅝	
72	46¾	AbtLab	1 40	2 1	17	2345	67	66¼	66½	− ⅛
30⅛	19⅝	AccoWd	.50	1.7	21	383	29⅞	29¾	29⅞	+ ¼
24¾	10	AcmeC	.40	8 1	18	520	13	12¾	12⅞	
10	7	AcmeE	.32b	3 5	17	5	9⅛	9⅛	9⅛	
19¾	16⅛	AdaEx	1 90e	10		93	18½	18⅛	18⅛	− ¼
25⅝	14	AdmMl	.40	1.8	11	31	25½	25¼	25⅝	
20⅝	8¾	AdvSys	1.38t	6.8	18	376	19⅞	19	19⅝	− ⅛
34	22⅛	AMD				2586	22¼	31½	31⅝	− ½
12⅝	10	Adobe n				36	10⅜	10⅛	10¼	+ ⅛
18⅝	14⅝	Adob	pf 1.84	11.		47	16¼	16⅛	16⅛	− ⅛
18½	15¼	Adob	pf 2.40	13		40	18⅜	18¼	18¼	
17	8⅛	A8vest	.12a	.8	15	451	16¼	16	16	− ⅛
81¾	39⅛	AetnLf	2.64	4 4	15	3673	60¾	59¾	59⅝	− 1½
57½	52½	AetL	pf5 19e	8 6		629	54	53⅞	53⅞	
80¼	27¼	Ahmns	1.20	1 9	8	2700	64½	61⅝	62⅝	− 1⅝
4⅜	2½	Aileen			181	54	3¾	3⅝	3⅝	− ⅛
77½	46⅞	AirPrd	1.48	1 8	18	594	77½	76⅞	77¼	− ½
24⅜	17½	AirbFrt	.60	2.7	18	144	22¼	21¾	22¼	
2⅛	7-16	AiMoant	.50c			251	15-32	7-16	15-22	
29¼	25	AlaP	pf2.52e	8 0		60	28⅛	28⅛	28⅛	
9⅛	7	AlaP	dpf.87	8 6		380	9⅞	8¾	9⅞	+ ⅛
103¼	69	AlaP	pf 9	9 0		z180	100	100	100	
107	96⅞	AlaP	pf 11	10		z260	105¾	105¾	105¾	
103	73½	AlaP	pf 9 44	8 1		152	u103¼	103¼	103¼	+ ¼
64½	65	AlaP	pf 8 39	8 8		z9820	u87	84½	86½	+ 2½
26⅝	15¼	AlskAir	.18	.9	7	455	18½	18⅛	18¼	− ¼
30	6¼	Albrto	s .26	.9	31	170	29¾	29⅛	29⅝	
34⅝	26⅛	Albtsns	.76	2.3	13	256	33⅝	32½	32⅞	− 1
32¾	22¾	Alcan	.80	2 4		3876	u32⅞	32⅝	32¾	+ ⅛
39⅝	31½	AlcoStd	.24	3.2	17	81	39	38¾	38	− ⅛
37	26	AlexAlx	1	2.8		x286	36¼	34¾	34⅞	− ⅜
43	21⅝	Alexdr			42	35	36⅞	38¼	38⅝	− ⅛
93⅛	75	AlIgCp	1 54t	1 6	24	28	u93⅜	92⅞	93⅜	+ ⅜
27¾	24⅛	AlgCp	pf2 68	11.		2	27	26¾	27	+ ¼
28¾	16½	AlgInt	1.40	7 6		186	18¾	18½	18½	− ⅛
20¾	15⅛	AlgIn	pf2.19	12.		12	18¾	19	19	− ½
68	78	AlgI	pfC 11.25	13		21	89½	88¾	88¼	+ ½
37¾	28⅛	AlIgPw	2.70	7.2	10	158	37⅝	37⅛	37⅝	+ ¼
26½	14⅜	AllenGs			17	393	25⅜	25	25⅜	+ ⅛
34¾	16½	AllsPd			15	86	u35⅝	34⅝	35¼	+ ⅝
51⅞	42	AldSgnn	1 68	3 5		5132	51¼	50	51¼	+ ⅝
63½	56¾	AldS	pfC6 74	11		86	62⅝	62	62⅝	+ ⅜
111	103½	AldS	pfD 12	11		2	106¾	106¾	106¾	+ ¼
74¼	50¼	AlldStr	2.32	3 2	9	275	73	72⅝	73	
7⅞	3⅛	AllisCh				180	4¼	4⅛	4¼	
32⅞	25½	ALLTL	1 60	8 1	10	188	32¼	31⅞	32⅛	+ ⅛
41¼	34	ALLT	pf2 05	4 9		1	u41¾	41¾	41¼	+ ½
46⅞	29¾	Alcoa	1.20	2 7		1867	45¼	44⅞	45	− ¾
18⅞	10½	Amax				705	13⅝	13⅛	13½	
20	27½	Amax	pf 3	8 0		3	33½	33½	33½	
34	22	AmHes	1.10	4 8		4837	23⅞	23⅝	23¾	+ ⅝
140½	96	AHes	pf3.50	3.5		8	101	100½	100½	+ 4½
2⅛	1⅛	AmAgr				1512	1½	1¼	1½	+ ¼
28½	16¾	ABakr			11	156	u28⅝	28	28	− ¼
74⅞	53¼	ABrand	4 05	5 8	10	785	73¼	71⅛	72⅝	− 1⅛
32⅞	25¼	ABrd	pf2.75	8.6		15	32⅛	31⅞	32⅛	+ ⅛
30⅛	20⅞	ABldM	.86	4 0	15	36	21⅞	21⅜	21⅜	− ⅜
35¼	23½	ABusPr	.76	2 4	16	7	31⅜	31⅛	31⅛	− ¼
78⅝	45¼	AmCan	2.90	3 8	15	773	76⅝	75	75½	− ⅛
68¾	44	ACan	pf 3	4 6		47	66½	65½	65½	− 1
118	108⅝	ACan	pf13 75	12.		1	116½	116½	116½	
23	18	ACapBd	2.20	9 6		87	u23¼	22⅞	22⅞	− ⅛
30⅞	25¾	ACapCv	2 51e	8 4		14	29⅞	29¾	29⅞	
9⅛	4⅝	ACentC				15	5½	5⅜	5⅜	
66⅝	48	ACyan	1 90	2.9	24	910	65⅝	64⅝	64¾	− ⅛
29¾	21¾	ADT	.92	3.9		179	23⅞	23⅝	23⅝	− ⅜
26⅝	19⅞	AElPw	2.26	8.7	10	2777	26¼	25⅞	26	
66¼	40¼	AmExp	1 28	2 1	18	5474	65½	64	64¾	− ⅜
39¾	16¾	AFaml	s .40	1.3	21	304	38¾	37⅝	38	− 1
20	12½	AFam	wi			38	29½	28¾	28¾	− 1
41⅝	27¼	AGnCp	1 12	2.8	11	1521	40⅜	39⅜	39½	− ⅞
21½	10¼	AGnl	wt			113	20⅛	19¼	19⅝	− ¾
56¾	53	AGnl	pfA5 42e	9.9		51	50	54⅞	50	
82¾	50	AGn	pfD2 64	3.4		68	68¼	78¾	78¾	− 2⅛
44⅛	30	AHerit	1.20	3 0	15	2	39½	39½	39½	− ⅛
13⅝	8¼	AHoist				40	10¼	10⅛	16¼	+ ¼
23	20½	AHoist	pf1.95	8 5		62	22⅞	22⅞	22⅞	+ ⅛
71¾	54¾	AHome	3.10	4 4	15	1434	70¼	69¼	70⅛	+ ⅞
113½	80⅝	Amrtch	6 80	6 0	10	1023	111¾	109¾	110	− 2
126	68⅝	AInGrp	.44	.4	26	1220	122¼	118⅝	120⅛	− 2¼
204	120	AIGp	pf5.95	3.0		3	200	198	198	− 5
28⅝	18	AMI	.72	3 4	12	1822	21¼	20¾	20⅞	
3⅛	2¼	AmMot				2014	3	2¾	3	+ ⅛
28¾	13⅞	APresds	.50	2 8	10	239	18¼	17⅞	18	− ⅛
13¼	5	ASLFla				116	12⅝	12⅛	12¼	− ⅛
19¾	12¼	ASLFl	pf2.19			77	u19⅛	19½	19⅛	+ ⅛
18¾	6⅝	AShip	.80	7 7	8	40	10⅜	10⅛	10⅜	− ⅛
43¼	26¾	AmStd	1.60	3.8	76	643	u43¾	42⅝	42½	
68¼	48⅝	AmStor	.84	1 4	12	1076	62½	60½	61½	− 1
78	59½	AStr	pfA4 36	8 0		208	73	72½	73	− ½
65	53⅝	AStr	pfB6 80	12.		2	58⅞	58⅞	58⅞	+ ⅜
25⅜	18⅝	AT&T	1.20	5.4	18	13574	22¼	21⅞	22¼	
46½	34⅞	AT&T	pf3.64	7.7		144	u47¼	46⅞	47¼	+ 1
49⅝	35	AT&T	pf3.74	7 8		372	u48⅛	47½	48⅛	+ ⅛
33	21⅝	AmWtr	1.12	3 7	10	76	30⅛	29⅞	30	+ ⅛
14	11	AWat	pf1.25	9 1		z110	13¾	13¾	13¾	− ¼
14⅜	11	AWa	5pf1.25	8 9		z100	14	14	14	
28½	9¼	AmHotl			4	1200	9⅞	9⅛	9¾	+ ⅛
74	66	ATr	pr 5.64	7.9		8	71½	71½	71½	− ¾
24¼	10	ATr	sc			25	24	23⅞	23⅞	− ⅛
86	76¼	ATr	un 5.64	6 9		3	95¼	95¼	95¼	− ¼
53¼	30½	Ameron	1 60	3 8	10	78	u53¾	53¼	53½	+ ½
20	16⅝	AmesDs	.10	.4	25	594	27⅝	27	27¼	+ ¼
30⅛	19⅞	Ametek	.T	3 3	18	206	u30⅝	29⅞	29⅞	− ⅛
11⅝	9¾	AmevSc		9 9		43	10⅞	10¾	10⅞	+ ⅛
28⅝	22	Amfac			299	760	27⅝	26⅞	26⅞	+ 1
12⅛	13-18	vjAmfsc				187	1⅛	1⅛	1⅛	
70¾	53⅛	Amoco	3 30b	5 5	8	3494	60½	59⅜	60	+ ⅜
42½	27½	AMP	.72	1 8	40	1933	40⅜	40	40⅜	− ⅛
16¾	11½	Ampco	.30	1 9	44	330	16	15¾	15⅞	+ ⅛
25	12⅝	Amreps			12	83	24¼	23½	23½	− 1
31⅞	17¼	AmSth	s1 04	3 3	12	111	31⅜	31⅛	31⅜	− ⅛
48⅞	34⅝	Amsted	1.60	3.5	18	1414	45½	45¼	45¼	− ⅛
4⅜	2⅜	Anacmp				3961	u	4⅜	4¼	4⅜
31	18	Anlog			37	470	29	27⅞	28½	+ ⅛
27⅞	20⅝	Anchor	1.48	5 7	112	193	26⅜	25½	25½	− ¾
61¼	35⅝	AnClay	1 32	2 4	31	60	55	54¾	54¾	− ¼
16⅛	10⅝	AndrGr	.24b	1 7	15	22	14⅛	14⅛	14⅛	+ ⅛
29⅝	18½	Angelic	.60	2 1	15	36	28¼	28	28	
45¼	24¾	Anheus	.80	1.9	15	2478	42⅝	41⅞	42	− ⅜
86⅝	54¾	Anheu	pf3.60	4 3		25	83⅝	83	83½	− ¾
22⅞	13½	Anixtr	.26	1 3	21	344	22⅜	22¼	22⅜	− ⅛
18⅛	16⅛	Anthem	.64	2	42	93	18⅞	18⅛	18⅛	− ½
15⅜	11	Anthny	.44b	2 8	9	81	15⅝	15½	15½	
13⅝	8⅛	Apache	.28	3 0	25	224	8½	8⅜	9⅜	
2	⅛	ApchP	wt			220	5-32	⅛	5-32	+ 1-32
19⅛	11½	ApchP	un2.10	16.		1432	13⅜	12½	13¼	+ ⅛
83½	64	ApPw	pf8.12	9.3		z750	u87½	86⅞	87½	+ 4
79⅝	56	ApPw	pf7.40	8 3		n10	u79½	79½	79½	+ 3
34⅞	31	ApPw	pf4 18	13		24	33⅜	33	33	− ¼
32	28½	ApPw	pf3.60	12		2	30½	30½	30½	− ⅛
18⅛	11¾	ApplMg			29	121	18	17⅞	17⅞	
28⅞	19¼	ArchDn	14b	.5	14	4090	28	27⅞	27⅞	+ ⅛
31½	27	ArlP	pf 3 50	12.		18	31	30⅞	30¼	− ⅛
105	94	AriPpf	10 70	10.		z1120	103	102	103	+ 1
41⅞	16	ArkBst	.60	1 5	14	238	41⅝	39¼	39¾	− 1½
24¾	16	Arkla	1 08	6 3	13	7743	17¼	16⅝	17¼	+ ½
15 16	1.16	ArlnCp				50	⅜	⅜	⅜	+ 1-32
15⅜	11½	Armada				2	11⅜	11⅜	11⅜	− ⅛
11⅛	6¾	Armco				1867	11¼	11	11	
23	15½	Armc	pf2.10	9 5		40	22¼	21¾	22	+ ¼
24⅛	13½	ArmaRb	.48	2 8	19	4110	17	16⅞	17	+ ⅛
51⅝	30⅝	ArmWIn	.30	2 7	12	477	49⅛	49	49	− ⅛
18	11¼	ArowE	.20	1 2		51	16¼	16¼	16¼	+ ⅛
30½	19¾	Artra	.22	.9	42	83	24⅞	24⅝	24⅝	− ⅛
25⅞	14¼	Arvin	s .64	2.5	11	120	25⅜	25	25⅛	+ ⅛
27¾	15¼	Asarco				236	21	20⅝	20¾	
45⅞	28¼	AshlOil	1 80	3 8	9	4779	45¼	44⅛	44⅞	− ⅛
46⅝	40¾	AshlO	pf4 50	9 8		4	46	45⅞	46	+ ¼
46⅛	38⅛	AshlO	pf3 96	8 8		1394	45¾	44⅝	45	− ¼
43⅛	27⅝	AsdDGs	1 40	3 6	13	3781	40	38⅜	38⅞	− 1⅛
136½	80	AcdD	pf4 75	3 8		1	128½	126½	126½	− 2
17½	16⅞	Athlone	1 60	9 0		2	17¾	17¾	17¾	− ⅛
33⅞	23¾	AtCyEl	2 58	7 9	11	168	32½	32¼	32¼	− ⅛
61⅞	45⅝	AtlRich	4	7 3		10533	55¼	54⅝	54⅞	+ 1⅜
162	160	AtlRc	pf2 80	2 1		3	137	158	131	+ 5½
16⅛	10⅛	AtlasCp				38	13⅞	13⅞	13¾	
28⅞	20¼	Augat	.40	1 8	37	172	25⅜	24¾	25⅛	+ ⅜
67½	26¼	AutoDt	.66	1 0	25	864	65⅝	65¼	65¼	
5¼	3¼	Avalon	n.05e	1 1		27	4½	4⅜	4⅜	
38⅞	23¾	AVEMC	.60	1 7	14	253	35⅝	35¼	35¼	− ½
41⅞	58	Avery	.68	1 7	17	372	41	40⅝	40⅞	− ⅛
40⅝	27	Avnet	.50	1 3	42	601	39⅜	38⅞	39¼	− ⅜
30⅞	17⅛	Avon	2	6.7		5775	30⅞	29¾	30	
26¼	16⅛	Aydin			18	26	21⅛	21	21	− ⅛
		B B B								
12⅝	3¼	BMC				113	3⅝	3½	3½	− ⅛
33⅞	21¼	Bamnco	.60	2 2	13	295	27⅞	27⅛	27¾	
18⅛	13¾	Bkrinn	.92	6.5	12	1921	14¼	13⅞	14¼	+ ¼
24⅝	19⅝	Baldor	.40	2 0	18	x31	20¼	19¾	20¼	+ ¼
		vjBaldU				671	1⅛	1¼	1¼	
11¼	2⅛	vjBldU	pf			5	8⅝	8⅝	8⅝	+ ⅛
32½	23	Ball	s .72	2.2	14	4158	32⅜	31¾	32⅛	+ ⅜
19¾	13⅝	BallyMf	.20	1 1	20	1347	18⅛	16½	18⅛	+ ⅛
18¼	9¼	BallyPk			16	522	17⅞	17⅝	17¾	− ⅛
28¼	19⅛	BltGE	s1 70	8 1	10	1164	28¼	27¾	27⅞	+ ⅛
49½	41½	Balt	pfB4 50	9 4		n110	48⅛	48	48	− ⅛
28⅛	18	BncOne	s .80b	3 1	12	403	27	25⅞	26⅛	− ⅜
16¾	8⅝	BncCtrn	.54e	3 1		60	u17⅜	16⅞	17⅛	+ ⅛
4⅛	1	BanTsn				471	1¼	1⅛	1⅛	
69⅛	48⅜	Bandag	.130	2.1	12	61	63¾	62	62	− 1¾
68⅞	42¼	BkBos	2.54	3 8	8	1772	66⅝	68⅛	69	
54¼	49⅞	BkB	pfB3 02e	5 9		22	51½	51½	51½	
101¼	92½	BkB	pfC2.50	2 6		z10	95⅝	95⅝	95⅝	
56½	51	BkNE	dpf5e	9 8		60	53⅝	53⅝	53⅝	+ ⅛
56½	37⅜	BkNY	2 26	4 1	9	125	56⅛	55⅝	55¾	− ⅜
33¼	23¾	BankVal	12	3 4	11	330	33¼	32¼	33¼	+ 1
22¾	12	BnkAm				11805	15½	14½	15½	+ 1⅛
47	33½	BkAm	pf4 49e	12.		57	36¾	35⅞	36⅜	+ ⅜
74½	55½	BkAm	pf6 98e	12		3	58	58⅝	58⅝	
16½	10⅝	BkAm	pf2 66			105	12⅝	22⅝	12⅝	+ ⅜
32	24	BkARty	2 40	6 1	14	105	29¾	29⅛	29¼	+ 1
36⅞	29	BnkTr	s			7241	37¼	36½	37⅛	+ ¼
27⅛	23	BkTr	pf2 50	9 3		5	26¾	26¾	26¾	− ¼
52¼	38½	BkTr	pf 4 22	8.1		106	u52⅝	52⅜	52⅜	+ ⅛
20	10⅝	Banner	.03e	.2	14	168	19⅝	19½	18⅝	
48	25⅝	Bard	.64	1 4	17	437	47¼	47	47⅛	− ⅛
30⅝	19¼	BarnGp	1	3 3	16	x17	30¼	29⅞	58	+ ⅛
49½	31⅛	Barnet	s1 04	2 2	12	406	48⅞	47⅝	47¾	− ¾
26¼	16⅛	BaryWr	.80	2 8	18	105	21¾	21⅜	21⅜	− ⅜
12⅞	8¼	BASIX	.12	1 3	13	193	10	9½	9½	− ⅛
36⅝	24¾	Bausch	.78	2 3	15	1825	34⅝	34⅛	34½	− ⅛
18⅝	12⅝	BaxtTr	.40	2 2	21	4959	17⅞	17⅝	17⅞	+ ⅛
50⅝	47½	BxtT	pfA1 43e	2.8		153	49⅛	49	49⅛	+ ⅛
65½	50⅛	BxtT	pfB3 50	5.4		198	65	64⅛	64¼	− ⅛
29¾	20⅝	BayFin	.20	.9		93	23¼	23	23	− ⅛
39	27¾	BayStG	2.72	7 0	8	28	39	38½	38⅝	
33⅝	19¼	BearStn	.60b	1 9	12	1486	31⅞	30¾	31⅛	− 1
41½	31¼	Boaring	1	2.3	17	684	u43	42⅛	43	+ 1¼
47⅝	26	BoatCol	.80	3.8	12	2514	46⅝	45⅛	46⅛	− ⅛
88⅛	52½	Boat	pf 3.38	4.0		31	86	85½	86½	+ ⅛
18½	12⅛	Becor	.20	1.4	74	225	14¼	14	14⅛	
72	43½	BectnD	.66	1.0	18	278	68¼	67⅝	66¼	− ¼
35¾	21¾	BectD	wt			1	34½	34½	34½	+ ⅛
6¼	¾	vjBeker				341	1½	1⅜	1⅜	
11	1⅞	vjBekr	pf			2	2⅞	2⅞	2⅞	− ⅛
20½	12½	BeldnH	.40	2 1	15	x12	19⅝	19⅜	18⅝	+ ⅛
37⅝	25½	BelHwl	.62	1 7	12	812	36	35½	35⅝	+ ⅛
37	25¼	BelHw	pf.74	2.1		201	36	35¾	35¾	+ 1
114½	81½	BellAtl	8.80	8.1	18	747	113¾	111¾	112	− 1⅜
33	25⅝	BCE	g 2.36			60	27⅞	27¾	27⅞	
29¾	19⅝	BellInd	.32	1 2	32	59	27	26½	26¾	− ⅛
51⅜	34⅞	BellSo	4.04	8 1	11	1848	50½	49½	49¾	− ¾
57	44	BeloAH	.80	1 6	24	227	49⅛	48⅜	48½	− 1

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Continued on Page 35

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NYSE COMPOSITE PRICES

Continued from Page 34

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58¾	34½	PPG	1 76	3 0	13	2094	58¾	57¼	57⅞	− ½
31½	20⅝	PSA	.60	2 2	7	231	27⅜	27	27	− ⅛
23⅛	18½	PSA dpf1.90		8 9		1	21¼	21⅛	21¼	
15¾	12⅜	PacAS 1.54		9.9		58	u15⅞	15⅝	15¾	
22⅞	16½	PacGE 1 64		8 2	8	2446	22⅝	22⅜	22½	− ¼
52	39¾	PacLtg 3.48		6 8	14	178	51¾	51⅜	51½	
41⅛	24½	PcLum 1.20		3.0	26	80	39¾	39¾	39¾	
12½	7⅛	PacRes			6	133	10⅞	10⅝	10⅝	− ⅜
22⅛	15⅝	PacRs pf 2		9.4		x82	21½	21¼	21¼	
17½	12⅜	PacScI .40		2.5	18	97	16	15⅞	16⅞	+ ¼
89⅝	67½	PacTel6.72		8 5	16	834	80	87⅝	87⅞	+ ⅛
53¼	25¾	Pacifcp2.40		7.8	9	2670	32	31¾	31⅞	+ ⅛
37½	31	Pacif pf4.07		12		8	34¼	34	34¼	+ ¼
42¾	25¼	PainWb .60		1.4	26	x1032	42⅝	41¾	41¾	− ⅛
34⅛	25⅞	PainW pf2.25		6.9		x221	33⅛	32½	32½	− ⅜
9½	4	PanAm			18	6681	8¼	7¾	8	− ¼
4	2	PanA wt				570	2⅞	2⅝	2⅝	− ⅛
21⅝	13⅝	Pandck.20		1.8	20	77	21	20¾	20⅞	− ⅛
41½	32⅝	PanhEC2.30		6.7	12	2068	34½	33⅝	34¼	+ ¾
30⅛	16⅝	Pensph			18	180	29¾	29⅛	29⅜	− ½
12⅝	4½	PantPr				1079	11⅛	11⅝	11⅞	− ⅛
18½	5⅝	Pardyn				389	7¼	6⅞	6⅞	− ⅛
18⅝	11½	ParkEl .06e		.3	18	8	18⅜	18¼	18¼	
7⅛	3½	ParkDr.16		2.2		152	3¾	3⅝	3⅝	
42⅞	29¾	ParkH 1.12		2.7	14	166	41⅜	40⅝	41	− ⅜
5	3¼	PatPtr			10	20	3⅝	3⅝	3⅝	+ ⅛
15¼	11½	PayNP .64		4 7	17	119	13⅞	13½	13¾	− ⅛
23⅜	13½	PayCsh .16		.8	21	x757	19⅝	18⅞	19	− ⅝
38	32⅛	WinDix1.74		4 5	15	67	39	38¾	38¾	
19⅞	8½	Winnbg .20		1 2	31	1678	16½	16	16¼	− ⅛
9⅝	5⅛	Winner				149	6	5¾	5¾	− ¼
9½	4	WinterJ				6	6¼	6⅛	6¼	+ ½
44¼	30¾	WiscEP2.48		5 5	10	401	u45	44⅛	44⅝	+ ⅝
99	75¾	WisE pf8.90		9.0		z100	99	99	99	
45⅞	26⅞	WiscPL2.84		6 2	11	83	45⅞	45¼	45⅞	+ ⅜
45½	29¾	WiscPS2.66		6 5	10	165	44	43¾	43¾	− ¼
50½	33	Witco 1 48		3 0	13	188	50⅛	49⅝	50⅛	+ ¼
14	9¾	WolvrW.24		2 2		430	10¾	10½	10¾	+ ⅛
71⅛	39¼	Wolwth 2		3 0	13	1091	67⅞	67	67¾	+ ⅛
100½	56	Wolw pf2.20		2 3		1	95½	95½	95½	− ½

Continued on Page 33

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, February 25

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Oils stage rally against the trend

THE EBULLIENCE of the US stock markets was tested yesterday when the slide in federal bond yields and world oil prices showed signs of slowing down, *writes Terry Byland in New York.*

Airline stocks fell heavily in the face of the Texas Air-Eastern merger plan, and moderate selling pressure brought sharp falls in cars, chemicals and some technology issues.

At 3pm the Dow Jones industrial average was down 5.39 at 1,692.89.

A further $1.5bn customer repurchases by the Federal Reserve fell flat in the credit markets, where bond prices came off the top to show little change from overnight. Analysts were sceptical of suggestions that the Fed's market actions indicate a change of policy. Short-term rates continued to move up, scouting the prospects for an early cut in federal discount rate.

At the same time, oil stocks staged a determined rally as US crude oil futures improved and the Saudi Arabian oil ministry suggested that it might help stem the slide in crude prices. The same factors upset car and chemical stocks, and the Dow industrial average was also weakened by a sharp fall in IBM.

The broader market indices also fell smartly, with the exception of the American Stock Exchange index which was boosted by its oil stocks content. The Dow transportation average suffered a double-digit loss as both rail and airline issues headed downwards.

Both Eastern, up $¾ at $8¼, and Texas Air, up $1¼ at $21, continued to benefit from their merger plan which will create the largest passenger carrier in the US airline business – with a strong preseoce on the highly profitable Florida circuit.

Investors in the rival domestic air carriers were not slow to read the implications, and the sector suffered heavy selling. Delta plunged $2¾ to $40½, American $1⅞ to $50 and United $2¾ to $55⅝. Pan Am at $7⅞ lost $⅜.

Losses in rail stocks were modest, reflecting profit-taking after the sector's recent rise. Norfolk & Southern at $90 lost $1¼ and CSX $⅜ to $34½.

Among the oils, Atlantic Richfield rebounded $1¼ to $54¾ and Exxon $⅜ to $54⅛, both in moderate trading. Texaco continued to trade heavily, edging up $¼ to $29¼, while Pennzoil added $⅛ to $57⅛, with Wall Street waiting for the next development in the $11.1bn penalty payment case.

The probability that most of the drop in oil feedstock prices has been seen brought profit-taking in chemicals. Monsanto, a recent favourite, fell $2½ to $57¼. Dow, also attracting bearish investment comments, dipped $2¼ to $48½ in brisk turnover and Du Pont lost $1½ to $70⅝. ICI, the UK chemicals group, gave up $⅞ of this week's gain to stand at $54¾. The firm exception was Union Carbide, which jumped $1¼ to $90⅝ as the bid speculators showed interest again.

Signs that oil prices might be steadying brought out profit-takers in motor stocks. Investors were unimpressed by GM's further customer financing plans, and the shares lost $1¾ to $77¾. Chrysler, strong recently on brokerage recommendation, fell $2¼ to $55⅛. Ford dropped $2 to $69¼ after reports that it planned to extend the Mazda link.

IBM shed $1¾ to $157⅛. Digital Equipment shed $⅝ to $165⅝ and other technology issues shaded by $⅛ or so in moderate profit-taking.

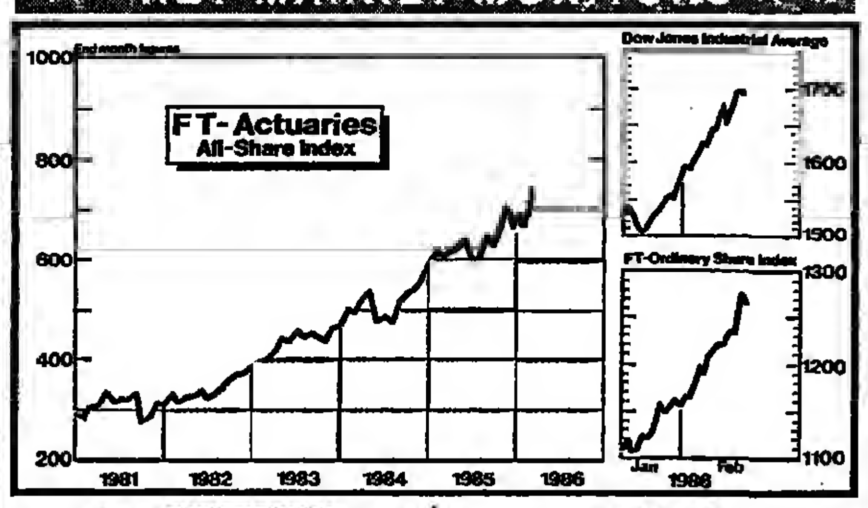
AT&T, at $22, were $¼ off in light turnover, following its laser developments.

In the financial sector, Fireman's Fund, the insurance group spun off last year from American Express, fell $1½ to $35½ after American Express said it would sell another 10m shares, with warrants for 10m more. Shares in American Express eased $⅞ to $64¼.

Bank stocks moved narrowly and erratically as the market awaited a move in the Mexican debt situation. Manufacturers Hanover were $¼ up at $43⅜, and Citicorp $¼ off at $50⅝.

In the credit market, Treasury bill rates gained about 10 basis points. Bond prices were dormant, having abandoned an early attempt to move higher. The readiness of the Fed to supply reserves seemed to confirm that technical factors were its chief concern.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 25	Previous	Year ago
NEW YORK			
DJ Industrials	1,692.89*	1,698.28	1,277.50
DJ Transport	780.39*	792.97	623.34
DJ Utilities	183.99*	184.65	148.75
S&P Composite	223.46*	224.34	179.23
LONDON			
FT Ord	1,264.2	1,275.2	968.0
FT-SE 100	1,527.7	1,533.0	1,259.4
FT-A All-share	743.92	745.76	606.89
FT-A 500	818.76	822.26	664.51
FT Gold mines	332.1	332.1	441.4
FT-A Long gilt	10.05	10.08	10.91
TOKYO			
Nikkei	13,576.21	13,503.49	12,201.04
Tokyo SE	1,079.56	1,074.72	961.02
AUSTRALIA			
All Ord.	1,046.7	1,062.0	787.4
Metals & Mins.	516.9	519.8	477.4
AUSTRIA			
Credit Aktien	113.73	114.19	71.62
BELGIUM			
Belgian SE	3,261.19	3,264.38	2,238.01
CANADA			
Toronto			
Metals & Minls	n/a	n/a	n/a
Composite	2,817.0*	2,801.6	2,056.8
Montreal			
Portfolio	136.37*	135.84	130.05
DENMARK			
SE	230.80	230.72	172.24
FRANCE			
CAC Gen	323.50	324.7	205.1
Ind. Tendance	121.90	123.50	110.6
WEST GERMANY			
FAZ-Aktien	632.81	652.00	403.70
Commerzbank	1,909.90	1,968.4	1,173.5
HONG KONG			
Hang Seng	1,746.05	1,742.37	1,389.18
ITALY			
Banca Comm.	557.11	559.47	279.24
NETHERLANDS			
ANP-CBS Gen	243.6	246.7	203.5
ANP-CBS Ind	235.8	240.1	161.5
NORWAY			
Oslo SE	354.47	354.38	325.83
SINGAPORE			
Straits Times	629.06	631.88	814.76
SOUTH AFRICA			
JSE Golds	–	1,207.9	864.2
JSE Industrials	–	1,140.4	864.3
SPAIN			
Madrid SE	119.62	117.85	113.36
SWEDEN			
J & P	1,877.45	1,855.63	1,431.71
SWITZERLAND			
Swiss Bank Ind	568.30	571.5	n/a
WORLD	Feb 24	Prev	Year ago
MS Capital Int'l	278.70	277.2	194.0

COMMODITIES

(London)	Feb 25	Prev
Silver (spot fixing)	405.35	404.25p
Copper (cash)	£988.00	£995.00
Coffee (Mar)	£2,542.00	£2,594.00
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	Feb 24	Prev
London	$350.25	$341.25
Zürich	n/a	n/a
Paris (fixing)	n/a	n/a
Luxembourg	n/a	n/a
New York (April)	$350.00	$351.00

CURRENCIES

	US DOLLAR		STERLING	
(London)	Feb 25	Previous	Feb 25	Previous
$	–	–	1.4925	1.4895
DM	2.2440	2.2820	3.35	3.34
Yen	180.85	182.25	269.75	266.75
FFr	6.9075	7.0225	10.31	10.2775
SFr	1.8850	1.9010	2.8125	2.7825
Guilder	n/a	2.59	n/a	3.78
Lira	n/a	1,557	n/a	2,276
BFr	n/a	46.85	n/a	68.45
C$	n/a	1.3863	n/a	2.0276

INTEREST RATES

	Feb 24	Prev
Euro-currencies (3-month offered rate)		
£	n/a	n/a
SFr	n/a	n/a
DM	n/a	n/a
FFr	n/a	n/a
FT London Interbank fixing (offered rate)		
3-month US$	n/a	7⅞
6-month US$	n/a	7⅞
US Fed Funds	7⅞*	7⅞
US 3-month CDs	7.55*	7.60
US 3-month T-bills	7.03*	7.02

US BONDS

Treasury

		Feb 25 Price	Feb 25 Yield	Prev Price	Prev Yield
8	1988	100⁷⁄₃₂	7.913	100⁹⁄₃₂	7.89
8¾	1993	102⁹⁄₃₂	8.31	101¹⁹⁄₃₂	8.252
8⅞	1996	103⁹⁄₃₂	8.396	102¹⁹⁄₃₂	8.341
9¼	2016	107¹¹⁄₃₂	8.598	105¹⁹⁄₃₂	8.568

Treasury Index

Maturity (years)	Return index	Feb 25 Day's change	Yield	Day's change
1–30	143.01	+0.13	8.34	0.00
1–10	137.74	+0.05	8.17	0.00
1–3	131.00	0.00	7.96	+0.02
3–5	139.76	+0.07	8.24	–0.01
15–30	161.89	+0.39	8.90	–0.02

Source: Merrill Lynch

Corporate	Feb 25* Price	Feb 25* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101	10.07	100⅞	10.11
3⅞ July 1990	88⅝	7.04	88¼	7.11
8¾ May 2000	96⅛	9.24	94⅞	9.51
Xerox				
10⅞ Mar 1993	105⅞	3.46	105¾	9.48
Diamond Shamrock				
10⅞ May 1993	104⅛	9.80	104	9.83
Federated Dept Stores				
10⅜ May 2013	106⅛	8.97	106	9.98
Abbot Lab				
11.80 Feb 2013	114¾	10.23	114⅛	10.25
Alcoa				
12¼ Dec 2012	112⅛	10.85	112	10.88

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	91–18	81–22	90–30	92–01
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.06	93.16	93.05	93.20
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.43	92.43	92.43	92.47
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.12	92.13	92.08	92.07
20-year Notional Gilt £50,000 32nds of 100%				
Mar	114–09	115–04	114–07	114–10

* *Latest available figures*

LONDON

Profit-taking halts march to peaks

GILTS stole the show in London yesterday as equities fell back from record levels after a bout of profit-taking.

Easier commercial rates for credit combined with a more optimistic view of oil prices to fuel buying early in the session, and by 1pm the FT-SE was more than 7 points higher, marching forward to record levels.

But profit-taking set in, and by the close the FT-SE 100 share index was down 5.3 to 1,527.7 while its narrower sister index, the FT Ordinary, ended 11 off at 1,264.2.

The opening scenes in the gilt-edged market were dramatic, with some dealers calling prices nearly one point higher. After initial confusion sellers gained the upper hand, and rises were halved before business became more evenly balanced.

Most longer-dated issues ended slightly lower, but medium issues showed gains of about ⅛ while shorts were nearly ⅛ higher.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30-31

HONG KONG

INVESTORS REMAINED sidelined in Hong Kong yesterday ahead of Financial Secretary John Bremridge's budget speech scheduled for today. Prices ended mixed for the second session as investors shied away from adopting new positions.

Sentiment remained bullish, however, in the run up to the next corporate reporting season. Results are expected to be strong.

Hongkong and Shanghai Bank benefited from this mood, gaining 10 cents to HK$8.00 in anticipation of better results for 1985.

In other banks Hang Seng added 25 cents to HK$46.25 and Bank of East Asia 10 cents to HK$25.10.

CANADA

OILS AND METAL issues spurred the trend in Toronto yesterday, and by mid-session prices were moving higher.

Topping the active lists Husky Oil traded up C$¼ at C$7⅜, Aberta Energy C$⅜ at C$11¼ and Dome Petroleum 10 cents at C$2.10.

Trading in Bank of British Columbia issues was halted after the share plunged 65 cents to C$4.00. The bank announced an increase in first-quarter earnings in an effort to defuse reports that it is in financial difficulties but has not denied that it may be forced to seek a merger partner.

Montreal was generally firmer.

SINGAPORE

NERVOUSNESS continued in Singapore yesterday as the stability of some brokerage houses was once again the centre of attention.

The Straits Times industrial index slipped 2.82 to 629.06, and declines outnumbered advances 97 to 23.

Singapore Airlines again moved against the trend, adding 25 cents to S$6.80 on turnover of 1.9m shares. Elsewhere among the actives, TDM lost 20 cents to 92 cents as 2m shares changed hands, and Sime Darby gave up 3 cents to S$1.38.

SOUTH AFRICA

MOST SHARES managed gains in Johannesburg yesterday while the platinum sector shone as the world spot prices for the metal rose.

Rustenburg Platinum added R2 to R31.50, and Impala gained R1 to R28.

Currency trends continued to keep the lid on gains for golds. Buffels was steady at R72, and Driefontein was also unchanged at R54.50 while Anglo American Gold lost R1 to R229 amid news that miners have gone on strike at the Vaal Reefs gold mine.

EUROPE

Undermined by retreat in dollar

THE PROGRESSIVE fall of the dollar in Europe yesterday undermined investor confidence as a large scale retreat by US operators triggered heavy selling. A technical correction also developed among some of the more robust record-setting exchanges.

The sharpest impact of the dollar's plunge was felt in Frankfurt where the currency hit a four-year low against the D-Mark. The Commerzbank index, heavily weighted with bank and export-sensitive stocks, retreated 58.5 to 1,909.9.

Daimler was one of the first casualties among the blue chips. The quality car maker shed a hefty DM 73 to 1,190 taking it a long way from its recent 12-month peak of DM 1,445.

BMW, heavily dependent on exports, retreated DM 12 to DM 540 while VW gave up a proportionally more severe DM 12.50 to DM 515.

Banks lost more ground after Monday's broad decline. Deutsche Bank led the sector with its DM 25.50 fall to DM 730 while Commerzbank declined DM 17.50 to DM 266.

The chemical sector derived some early strength from the prospects of lower feedstock costs but was later dragged back by the broader market. BASF finished DM 8.50 lower to DM 299 while Bayer lost DM 10.50 to DM 307.50.

Among mixed stores Kaufhof was marked down DM 16 to DM 421 and Karstadt weakened DM 2 to DM 383 although Horten moved against the trend of the whole sessioo with its DM 5 rise to DM 236, a new high for the year. Lower oil prices are expected to give an additiooal boost to consumer spending, and thus beoefit retailers, in coming months.

Zurich also retreated under the shadow of the dollar's four-year low against the Swiss franc. Many investors retreated to the sidelines, forcing trading volume down and exaggerating some price movements. A number of domestic shares, insulated from the vagaries of exchange-rate fluctuations, posted healthy rises.

Nestlé, industrial leader and a recent favourite among foreign buyers, dropped SFr 25 to SFr 8,575 while Sandoz surrendered SFr 200 to SFr 11,000.

Banks sustained minor losses, with UBS bearer and registered shares down SFr 40 and SFr 5 at SFr 4,840 and SFr 930, respectively. Zurich Insurance put on SFr 40 to SFr 6,250 while Swiss Re was trimmed SFr 100 to SFr 14,800.

Brown Boveri was unchanged at SFr 1,820 despite the sudden resignation of its chief executive.

Brussels halted its record-breaking run with a 3.19 slip in the Belgian Stock Exchange index to 3,261.19, but market sentiment remains positively bullish.

A 10-basis-point fall to 9.65 per cent in the interest rate on four-month Fonds des Rentes Certificats was attributed to a "large supply of paper" by a spokesman for Banque Nationale de Belgique rather than an indication of lower short-term rates. The rates on one, two and three-month certificates were unchanged at 9.75 per cent.

Interest-rate sensitive utilities were understandably mixed after this news. Intercom gave up BFr 70 to BFr 3,575, while Ebes returned to Friday's BFr 4,680 level with a BFr 10 rebound.

Solvay's decision on a US acquisition was not favourably greeted and the chemicals group lost BFr 200 to BFr 7,850.

Paris consolidated with small falls in most sectors. Matra firmed a further FFr 80 to a FFr 1,830 after the successful weekend Ariane launch. Roussel-Uclaf also featured with a FFr 25 gain to FFr 1,475 although Moët-Hennessy surrendered FFr 260 of its Monday's recovery to finish at FFr 2,140.

A firmer **Stockholm** was once again transfixed by the Fermenta saga with further trading suspensions in Pharmacia, Gambro and Sonessons. Volvo gained SKr 4 to SKr 324 on expectations – confirmed after the close – that it might back out of the Fermenta deal.

Milan was mixed, but some leading industrials managed more record performances. Profit-taking eroded Generali by L2,890 to L89,100. After-bourse trading depressed prices further.

Amsterdam was mixed, with KLM Fl 3 cheaper at FL 56 after announcing its offer of 15m common shares to international markets. NMB's higher profits failed to impress and the bank slipped Fl 2 to Fl 203.

Banks led **Madrid** to another high.

AUSTRALIA

THE GOVERNMENT'S decision to cut domestic oil prices sent shares in Sydney spiralling downwards, with oil and gas issues leading the way.

The All Ordinaries share index dropped 14.4 to 1,047.4 while the All Resources index gave up a substantial 16.8 to 601.8.

Santos shed 40 cents to A$3.95, and Claremont Petroleum and Ampol Exploration were both 10 cents lower at 90 cents and A$1.75, respectively. Pressure on BHP took it to a year low of A$6.50 before it rose slightly to end 18 cents down at A$6.54.

Industrial Equity (IEL) dropped 50 cents to A$6.80 after news that the Victorian Supreme Court had ordered it to sell a block of North Broken Hill shares.

TOKYO

Bull run sparks rise to record

PRICES SURGED to yet another record high in Tokyo yesterday supported by stronger-than-usual investor expectations of further pay rises, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 72.72 from the previous day to 13,576.21. Trading was very active at 582.10m shares compared with Monday's 399.43m shares. Gainers outpaced declines by 472 to 375, with 134 issues unchanged.

Buying interest continued to centre on foodstuffs and electric railways and other issues which stand to benefit from domestic demand expansion and are little affected by exchange rate movements. Some large-capital chemicals and real estates came into the spotlight.

Prime Minister Yasuhiro Nakasone told the House of Representatives budget committee yesterday that the Government intended to act flexibly in taking comprehensive economic measures to cope with the yen's rapid rise against the dollar. This added fuel to investor expectations for domestic demand expansion and another cut in the official discount rate, which was lowered by 0.5 percentage point to 4.5 per cent only on January 30.

Electric railways fared well, with Tobu coming out the second busiest issue with 19.35m shares changing hands, rising Y23 to Y495. Odakyu Electric Railway jumped Y21 to Y645 and Keihin Electric Express Y17 to Y606.

Sapporo Breweries, the fifth most active stock with 9.96m shares traded, leaped Y38 to Y750. Meiji Seika and Kirin Brewery advanced Y18 and Y24 to Y610 and Y910, respectively. Meiji ranked ninth with 7.92m shares and Kirin 10th with 7.9m.

Asset-heavy stocks were also sought, with Mitsubishi Estate adding Y40 to Y1,200, Sumitomo Realty and Development Y70 to Y1,270 and Tokyu Land Y24 to Y433.

Buying interest in Tokyo Gas revived, pushing the issue Y12 higher to Y338. Tokyo Gas was the third most active stock with 18.46m shares. Electric powers firmed, but they were less popular than gas issues.

Showa Denko topped the active list with 28.5m shares changing hands and soared Y20 to Y257. There were rumours that speculators were cornering Showa Denko shares. Among other large-capital chemicals Sumitomo Chemical gained Y12 to Y256